

19 DECEMBER 2019

STRENGTH IN PLACES FUND – WAVE 2 EOI SUBMISSION MEDICAL DEVICES AND DIAGNOSTICS

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM 9

Appendix 1 to this report is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To inform Regional Cabinet, that further to the report of 15 July 2019 'Strength in Places Fund Wave 2' – a full Expression of Interest (EOI) was submitted to UK Research and Innovation in October 2019 with Cardiff Capital Region City Deal as a stated consortium partner. This report provides a brief summary of the EOI, sets out next steps and provides an update on wider work to facilitate the creation of a Medtech Devices and Diagnostics Cluster in the Cardiff Capital Region.
2. To inform Regional Cabinet of two other EOIs into the fund from Clwstwr (Creative Industries) and Fintech Wales from within the Cardiff Capital Region. Both have received letters of in principle partnership support in endorsement of their submissions.

Background

3. In November 2018, the then Chancellor 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 was around Medical Devices and Diagnostics. 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 – with 90% of all life sciences businesses in the region being in the Devices

and Diagnostics sector. A wide group of supporters ('the cluster') was drawn from the Medtech community, including the Life Sciences Hub, Gwalia Healthcare, Bond Digital Health, Trakcel, Medicare and Purolite alongside many others. Creo Medical stepped forward as the Industry lead alongside partners CCR, Renishaw, Cardiff University Medical Centre and Cardiff and the Vale Unitary Health Board ('the consortium').

4. Regional cabinet approved the allocation of £50k to Creo Medical to match a c£75-100k commitment to be contributed across Creo and the Life Sciences Hub. To date, the seed fund has helped to secure bid-writing and project development support, hold industry events to connect organisations and develop the 'Medical Monday' concept. This work continues and key benefits are in evidence around supply chain development, contract work being kept in the region when it previously went outside and the growing profile and strength of the Devices and Diagnostics community.

Issues - The Expression of Interest

5. The EOI submitted (attached at exempt Appendix 1|) focussed on the potential to develop a Medtech Region of Excellence, specialising in devices, diagnostics and implants and related developments in Artificial Intelligence and data. The four consortium partners aim to develop pioneering centres that enable the cluster of some 200 Medtech companies in the region, along with regional research organisations, to develop the whole value chain of products and services from early stage conception and ideation through to testing/ prototyping and into monetisation and commercialisation.
6. The credentials of the partners are strong. Consortium lead, Creo Medical Group Plc is a leader in endoscopic electro-surgery devices. Consortium partner, Renishaw plc, is a leader in 3D printing and bespoke replacement implants and development of a 3D Printing Research Centre. Cardiff University and the Cardiff and Vale University Health Board is home to the Precision Medicine Centre and Diagnostic Pathology Hub. The Cardiff Capital Region City Deal's work on 'Priority Sectors' identified Devices and Diagnostics as opportune and this is reflected in the Regional Economic and Industrial Growth Plan.
7. The cluster concept is based on simple principles of connecting, aligning and co-ordinating organisations in order to leverage resources and assets that develop a strong supplier effect in the region. **Provision of and access to world-class centres** for pre-clinical research and clinical trials and advanced manufacturing and surgical training; **retaining and attracting projects** through shared in-region facilities and resources; **building skills, training and development programmes** to increase the amount, breadth and depth of high-value skills as part of the core offer to prospective investors and indigenous growing companies; and, **applied innovation and research and development to grow new capability and drive new revenue streams** – are core aims of the proposal, integrated into one programme package. Moreover, in-region patient benefits, service effectiveness and wider socio-economic impact is all captured.

8. The strength of the research base (Cardiff University occupies 8th on the 2016 Research Excellence Framework for clinical medicine), is a core component of the proposal and translation to a commercial support function will reinforce regional 'economic strength of place'.
9. At EOI stage, £50,000 worth of seed funding is available, which would sit alongside the £125-150k secured to date. This would:
 - create a programme plan and scale-up stakeholder engagement;
 - commissioning of a detailed economic impact assessment;
 - detailed resource planning around staffing and capability;
 - supporting the planned creation of the Pathology and Precision Medicine Hub;
 - supporting the development of in-region manufacturing capability.
10. In terms of economic impact, given the timeframes leading up to the EOI submission, it was not possible for the consortium lead to commission a full economic impact assessment. However, estimates suggest an additional 300 high skill jobs could be newly created in the region with hundreds more reinforced and strengthened. This is based on current rates of growth and does not take into account 'spin off' inward investment and FDI opportunities that could result.
11. In relation to next steps, seed notifications will be made on 1 June 2020. The planned activity previously approved will continue up until this time, to build momentum, show confidence and drive things forward. Work continues to support the development of med-tech related propositions through the Investment and Intervention Framework and also in working with colleagues in Torfaen and Monmouthshire around their respective Medtech ventures.

Other SIFP EOI submissions

12. Two other EOIs have been submitted by partner organisations within the Cardiff Capital region. These are from Fintech SE Wales within which, as Fintech Wales members, CCR is referenced as a supporter; and, Creative Capital – moving the region's locally growing creative cluster (via Clwstwr) to the global stage. Again, the Cardiff Capital Region is referenced as a key supporter. The difference between the EOI submission from the Medtech Consortium and Fintech SEW and Clwstwr is that with the latter, trade and sector bodies already exist that have co-ordinated the work needed. In which case only endorsement has been required, whereas with Medtech, higher levels of facilitation and development was needed and hence the more formal co-ordination role of CCR.
13. It should be noted that both these groups are again, highlighted as Priority Sectors and feature as stated growth opportunities within the Economic and Industrial Growth Plan. Should the EOIs be successful, discussions will take place as to potential CCR support and will be the subject to Investment Framework requirements. In any event,

as with Compound Semiconductors and Medical Devices and Diagnostics, there is an opportunity to build package of support around cluster development in these priority sectors – subject to the Investment Framework process. Discussions are underway with Innovate UK regarding the part-time secondment of an expert with sectoral leadership expertise to join the City Deal team in January 2020. This is in line with the already agreed City Deal Office resourcing and staffing structures.

Reasons for Recommendations

14. To update cabinet on the current status of Wave Strength in Places submissions and in particular, the consortium role played by CCR in the Devices and Diagnostics cluster and the support offered to both Fintech SEW and Clwstwr.

Financial Implications

15. The attached report is an update in respect of Regional Cabinet's decision of 15th July 2019 to commit up to £50,000 towards an industry-led Expression of Interest (EOI) to Wave 2 of the Strength in Places Fund.
16. Creo Medical is the legal entity which is undertaking the 'lead 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.
17. CCR City Deal's financial contribution is to 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.
18. 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.

19. If any stage of this process leads to an 'investment ask' from the CCR Wider Investment Fund, it will be necessary to prepare a business case in-line with the requirements of the Investment & Intervention Framework.
20. Further reports 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

21. This report serves to update Regional Cabinet on the Strength In places Fund, expression of interest submission submitted in October 2019.
22. 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 CCRC 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 provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), 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 CCRCD Regional Cabinet approval before any detailed proposal (which is partially reliant on CCRCD funding) is submitted.

Well-being of Future Generations (Wales) Act 2015

23. 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.
24. 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 the Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the 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 seven 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.

25. The Regional Cabinet must be satisfied that the proposed decision accords with the principles above.
26. To assist the 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 (Well-being of future generations assessment) for Member's consideration.
27. 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>

Equality Act 2010

28. In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:
- age;
 - gender reassignment;
 - sex;
 - race – including ethnic or national origin, colour or nationality;
 - disability;
 - pregnancy and maternity;
 - marriage and civil partnership;
 - sexual orientation;
 - religion or belief – including lack of belief

RECOMMENDATION

29. It is recommended that the Cardiff Capital Region Regional Cabinet:
- (1) notes the EOI submitted to UKRI's Strength in Places Fund by industry lead Creo Medical Group Ltd which cites CCR as a consortium partner;
 - (2) notes the support awarded to the Fintech SEW and Clwster submissions – both of which reflect core priority sectors for the Cardiff Capital Region
 - (3) agrees to receive a further report on next steps post June 1 2020, when notifications are expected from UKRI.

Kellie Beirne
Director, Cardiff Capital Region City Deal
19 December 2019

Appendices

- Appendix 1 Copy of EOI submitted by Creo Medical Group Ltd for Medtech Devices and Diagnostics
This appendix 1 is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- Appendix 2 Future Generations Assessment Evaluation

Future Generations Assessment






<p>Name of the Officer completing the evaluation:</p> <p>Kellie Beirne</p> <p>Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>The proposal aims to seek UKRI support through the Strength in Places fund in respect of an initial EOI on Medical Devices and Diagnostics</p>
<p>Proposal: Strength in Places submission Devices and Diagnostics</p>	<p>Date Future Generations Evaluation form completed: 9 December 2019</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>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The proposal seeks EOI support for a region-wide cluster build programme for med-tech as one of the region's most productive and competitive sectors.</p>	<p>Skills and training are front and centre in the bid – ensuring people and communities are equipped to benefit</p>
<p>A resilient Wales 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.</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?
	The sector as well, has a strong social purpose and is about quality of life, health and wellbeing.	
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	As above – the cluster is about leveraging competitive strength in an area of both economic and social importance – med tech.	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.
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	There is a significant region-wide supply network that will mobilise the cohesion effect	The bid focuses on how this supplier effect can be promoted and optimized.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The proposal seeks to leverage global competitive strengths	
A Wales of vibrant culture and thriving Welsh language 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 and will help – on a global stage – to reinforce and promote our cultural and local heritage and distinction	The project – if finally successful – will build CCR's reputation as a globally significant destination. Beyond the economic importance of this, it will unleash opportunities to grow the profile and reinforce the unique cultural heritage and liveability of the region.
A more equal Wales 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.	

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

<p>Sustainable Development Principle</p>	<p>Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.</p>	<p>Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?</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>EOI is speculative at this time.</p>
 <p>Working together with other partners to deliver objectives</p>	<p>The EOI is industry led with HE and business and public services partners.</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>	<p>If the EOI is successful and embedding the cluster and growing supply chains begins, more work needs to be done to engage the wider population, schools and communities in the project. Some work has started in schools and FE – this needs to be made relevant for a much wider audience.</p>
 <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 through the underpinning technology that will drive wellbeing and tackling complex social and public health issues.</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 potentially 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	Should the EOI be successful - in employment and training terms – 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		Planning through the Regional Skills Partnership
Disability	Should the proposal be successful and opportunities will be open to all	None arising – situation will be subject to ongoing monitoring should the EOI bear fruit.	
Gender reassignment	Should the submission prove to be finally successful – training and development processes will be focused on all equalities principles and matters, including gender.	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.		

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?
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.		
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?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?

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 on the medtech sector
- Cardiff University data and precision medicine intelligence
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends

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. The above narrative notes the potential impacts and examples of some of the work that can be deployed to mitigate and manage impact should the proposal be successful. Certainty, there are issues around people, inclusion and support, that in the main, will fall to fora and groups such as the RSP to oversee and co-ordinate.

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
<p>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</p>			

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.

<p>The impacts of this proposal will be evaluated on:</p>	<p>Subject to success of EOI round bid in Spring 2020</p>
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