

**Senedd Cymru**

**Pwyllgor yr Economi, Masnach a Materion Gwledig**

**Ymchwiliad:** Bargeinion Dinesig a Thwf

**Cyf:** CGD06

**Ymateb gan:** Cyngor Dinas Casnewydd

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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** City and Growth Deals

**Ref:** CGD06

**Evidence from:** Newport City Council





**NEWPORT**  
CITY COUNCIL

CYNGOR DINAS

**CASNEWYDD**

Chair of Senedd's Economy, Trade and Rural  
Affairs Committee  
Andrew RT Davies MS

Civic Centre/Canolfan Ddinesig  
Newport/Casnewydd  
South Wales/De Cymru  
NP20 4UR

## **Re City and Growth Deals: Response to Senedd's Economy, Trade and Rural Affairs Committee.**

Dear Chair,

Further to your letter dated 14th May 2025 inviting Newport City Council to share our experience of working with the Cardiff Capital Region City Deal, I am pleased to provide our response below.

### **Progress to date and pace of delivery**

The South East Wales Corporate Joint Committee (SEW CJC) covering the Cardiff Capital Region (CCR) has adopted a prominent commercially focused approach to deploying investment funds through mechanisms including the use of debt finance and taking equity. An example is SIMEC Atlantis Energy (SAE) Renewables Uskmouth battery storage project where c.£10m debt finance unlocks c.£56m of private capital.

As a funding and investment body since 2023 they have maintained momentum in deploying funds. £139m of the £495m Wider Investment Fund has been spent as of 31st March 2024 and there are plans in place to spend a further £55m in the 2024-25 financial year. These commitments cover 27 separate projects and programmes, as well as the setting up and operation of several discrete Impact Funds.

The Cardiff Capital Region has delivered approximately 4,000 of the 25,000 target jobs by 2036.

### **Consideration of some of the most significant projects and investments and their impact –**

From a Newport perspective, CCR has made several key strategic investments in the city from the £495 million in the Wider Investment Fund, namely:

#### **1. Newport's Semiconductor Sector**

The Compound Semiconductor Cluster at Imperial Park, SEW CJC has invested up to £37.9 million in the CSC Foundry, a state-of-the-art facility in Newport that houses IQE PLC and the Compound Semiconductor Applications Catapult. This facility is a keystone of the UK's compound semiconductor industry and is expected to support 6,000–7,000 jobs by 2030.

#### **2. KLA Project Orange expansion at Imperial Park.**

This has seen £750,000.00 from Newport City Council's Shared Prosperity Fund and £250,000 from the SEW CJC Wider Investment Fund (WIF) support the delivery of KLA's recently opened £100m research and development centre in the west of Newport, creating around 750 jobs.

#### **3. Battery Energy Storage at Uskmouth**

SEW CJC has recently provided £10.8M of investment via debt finance from the Strategic Premises Fund to SIMEC Atlantis Energy (SAE) Renewables to develop a 120MW Battery Energy Storage Asset in the former Uskmouth Power Station site, Newport. This will be one of the UK's largest Battery Energy Storage Systems. This investment unlocked £56.5 million in private capital and supports the region's transition to Net Zero.

#### 4. Hotel and Tourism Infrastructure

The Ty Newport Hotel, Coldra received a £9.7 million loan from CCR's Strategic Premises Fund. This funding completed the hotel, created 120 jobs, supported 53 apprenticeships, and added 149 rooms enhancing Newport's hospitality and tourism infrastructure.

#### 5. Housing Development Potential

Alongside the other 9 Local Authorities in the region, Newport is also eligible for support from the £35 million Housing Viability Gap Fund. This aims to unlock stalled housing sites. Newport City Homes, have made use of the fund to support delivery of 158 homes as part of the Ringland regeneration programme.

### **Governance and democratic accountability**

The continuing delivery of the former City Deal commitments is intrinsically linked to the establishment of the Corporate Joint Committee. From the outset in June 2022, the SEW CJC had a clear ambition to transfer City Deal programming into the CJC with a 'lift and shift' transition plan approved by the regional cabinet in September 2021 and July 2023.

From 1 April 2024, the SEW CJC has been the custodian and decision-making entity for the Cardiff Capital Region. The SEW CJC has an established constitution that includes the CJC terms of reference and the CCR City Deal Wider Investment Fund Assurance Framework, providing adequate governance for receiving and spending public funds. This structure provides a framework for identifying who is responsible for making decisions and the procedures that must be followed to ensure that it is transparent, accountable, and efficient under the funding conditions of the City Deal agreement.

The SEW CJC has established several sub-committees and advisory boards to support its functions, this addresses the findings of the Audit Wales assessment undertaken in 2023 which explored the CJC's governance, resilience and capability. There are regular meetings of the regional cabinet and good oversight of proposed investment proposals and programmes. Agenda papers can be cumbersome and run into hundreds of pages, and given the timing of publication, can give member authorities limited time to properly consider. However, briefing sessions are held prior to Cabinet meetings and high level information provided as an introduction to the detailed Cabinet papers.

### **Availability of private sector investment**

In the context of the Newport being within the most urbanised part of Wales with a thriving industrial cluster associated with Compound Semiconductors, proximity to research universities in Swansea, Cardiff, and Bristol, and the M4 Corridor, Newport has been fortunate to receive proportionally higher levels of private sector investment compared to the rest of Wales. Whilst not all of this investment is attributable to the former City Deal or current CJC, the delivery of the SE Wales Investment Zone should accelerate and support the targeted economic growth of the compound semiconductor sector and relevant supply chain. Welsh Government has indicated they expect the IZ to attract £1bn in private sector funding and create 6,000 jobs, with a focus on Compound Semiconductors a significant proportion of this should occur in Newport, specifically Imperial Park/Newport West.

Similarly, a strong submission led by Welsh Government to the Department of Science, Industry and Technology within UK Government for the nascent AI Growth Zone has a direct relationship to Newport due to the considerable presence of data and AI centres, and their proximity to significant power facilities, namely the Uskmouth Power Station Battery Storage project, listed above.

The SEW CJC is working to develop better investible propositions across the region, to attract a wide range of pension funds, institutional investors, and those willing to invest in long-term opportunities. This is especially important in sectors or ventures where growth and profitability take time to materialise e.g. infrastructure, innovation, clean energy, or early-stage startups. This is a key ethos and focus for the CCR investment strategy as the organisation matures and something Newport City Council supports.

## **How the activities of the City and Growth Deals fit within the wider business support landscape**

To date, the SEW CJC claims to have supported some 200 businesses and created 3,000 jobs across the region. Often resulting from approaches from the 'applicant' business but in an attempt to drive the entrepreneur and business innovation environment, they are in the early stages of exploring two new evergreen funds.

From a Newport perspective, the support provided by the CJC is naturally geared towards and focuses on businesses that have at least a regional impact, while Newport City Council focuses more on the local level, supporting for start-ups, micro businesses and SMEs. This includes support with premises-finding, and access to financial and business advice and support. It is considered that the Council is best placed to support local businesses and understands the challenges and opportunities facing smaller scale businesses. A regional 'one size fits all' approach would not be appropriate for most local businesses.

I trust this feedback is useful.

Yours Sincerely,

A handwritten signature in black ink that reads "Mr D Batrouni". The signature is written in a cursive style with a large initial 'D'.

**Councillor Dimitri Batrouni / Cynghorydd Dimitri Batrouni**  
**Leader / Arweinydd**  
**Newport City Council / Cyngor Dinas Casnewydd**