



Invest in Potential: driving investment in South Wales and Western England

The Western Gateway area (South Wales and Western England) has huge potential. With 14 of the 15 world’s largest aerospace manufacturers, Europe’s most advanced cyber cluster and companies with 55% global market share manufacturing Semi Compound Conductors, the area punches above its weight. Despite this, the area struggles to attract inward investment.

In 2021, London received almost half of the UK’s total inward investment (45.3%) with £907bn. The Western Gateway area accounted for just 5.3% of the UK’s total inward FDI with £106bn compared to the North West, which has a 6.1% share at £123bn.

Research by Nesta in 2020 highlights the South West and Wales are missing £580m and £420m of annual public R&D spend compared to the UK average respectively. Despite having a vibrant cyber and tech innovation super-cluster.

British Business Bank’s Innovation Fund for South West England and Wales are £200m and £130m respectively. Both are much smaller than the Northern Powerhouse Fund (£660m) and Midlands Engine Fund (£400m).

London hosted 73% of the UK’s total equity investors, SW England and Wales had 2% and 1% respectively.

Western Gateway wants to help attract direct investment to work towards reducing the area’s productivity gap to the UK average by 50%, adding an additional £34bn of GDP by 2030.

The UK Urban Futures Commission, co-chaired by Marvin Rees, Mayor of Bristol, and Andy Haldane, recommends that the UK Government introduce “a new statutory purpose” for “city councils and place-based actors to bring about prosperity”. At the same time, the Chancellor’s ‘Mansion House Reforms’ in July promise to unlock an additional £73billion for high growth businesses in the UK.

If the Western Gateway area can collaborate to streamline opportunities for investment there is a real chance to benefit from private sector investment to create growth and fund efforts to reach net zero.

Bristol and Bath Regional Capital (BBRC)

BBRC is the South West region’s first home-grown, place-based impact investor, focused on unlocking investment for real estate, infrastructure and purposeful businesses. It has now brokered, placed and leveraged more than £60 million to invest in businesses and projects that deliver strong social, economic and environmental outcomes for local communities and attractive returns for investors.

Its local market insight and knowledge guides investment into valuable and impactful businesses and developments. These public and private combined investments range from mixed tenure and standalone homes for keyworkers and refugees, to capital investment for England’s first smart battery storage facility for renewables, and to the construction of a 4.2MW community-owned onshore wind turbine: the largest in England.

In the next 12 months, it will be working to set up two new funds; a Housing Fund that aims to deliver more than 2,500 new low carbon homes in the South West and a Western Net Zero Accelerator Fund for the South West’s for the South West’s small and medium-sized businesses who are delivering net zero solutions to access.

Cardiff Capital Region: Fuelling investment and Aberthaw Power Station

Home to the capital city of Wales, CCR represents roughly half of the nation's population, businesses, and economy. Despite this, levels of both public and private investment are endemically low. The Cardiff Capital Region City Deal has made strong progress in responding to this challenge and generating inclusive growth, and the region has risen significantly in key indicators.

CCR has established a series of competitive £50m impact funds, including the Strategic Premises Fund, and the Innovation Investment Capital (IIC). The latter, a £50m fund, was explicitly designed to help scale innovative SMEs and address the lack of accessible long-term capital in the region. CCR's strategy hinges on leveraging private investment, with £415m approved project funds committed across 24 live investments, and a forecasted £2.8 billion leverage and match.

CCR recently completed the ambitious acquisition of the former coal-fired power station in Aberthaw, with the intention to create a 500-acre green energy park. This presents an opportunity to attract new private and public sector investment and boost the green economy which could create more than 5,000 new jobs

Bristol City Leap

After declaring a climate emergency in 2018, Bristol recognised it would vastly miss its climate targets without new sources of investment. Bristol City Leap is a world first approach to decarbonisation at city-scale, changing the way the city generates, distributes and uses its energy.

A 20-year joint venture was established with multinational services energy company Ameresco, to deliver city-scale energy solutions for the residents of Bristol. The scheme will attract £1bn of investment into Bristol's energy system. The outcomes based, and long-term nature of the contract will see Ameresco achieve 140,000 tonnes of carbon savings and 180MW of zero carbon energy generation, including £61m of social value and 1000 new jobs over the first five years.

The Bristol model has been praised for its innovation including in the Mission Zero Coalition report 'The Future is Local'. With the template now established, the Government has recently announced its intention to introduce the model in other parts of the country, including a trial in York and North Yorkshire.

QantX: High impact innovation in the South West

QantX (A locally based venture capital investment firm) was set up to channel capital and commercial expertise into the South West. Now in its second year of deploying its first £10m fund, QantX has invested in a portfolio of nine innovative startups.

Aiming to tackle global challenges in healthcare and sustainability, QantX has not only provided capital but also invaluable strategic support and access to global networks to its portfolio companies.

QantX works closely with universities through the SETsquared Partnership and other regional research institutions to build a pipeline of opportunities for future investment. Additionally, QantX's £1 million Blavatnik Prize for Innovation offers non-dilutive grants to enterprising founders, fuelling regional innovation by nurturing ideas at the pre-investment stage with seven grants awarded so far. QantX is working to scale its impact and attract more capital into the region.

We believe we have the potential to channel more investment into our innovative communities and create new opportunities for the UK economy to grow. The Western Gateway, in partnership with EY, is launching new research to understand where these investment gaps are, and which are most pressing. We want to understand how we can bridge these gaps to help our communities to achieve their potential.

Work with us to bridge these gaps and help our communities to achieve their potential.

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Western Gateway