

CSconnected Supply Chain Development Programme

CALL 2

GUIDANCE DOCUMENT

V1.1 July 2025

Funder:	CSconnected Ltd
Head Funder:	Cardiff Capital Region
Total Grant:	£1M
Launch Date:	Tue 1 Jul 2025
Closing Date:	Fri 15 Aug 2025 at 4pm.

Summary

CSconnected are deploying a total £1M investment programme with Cardiff Capital Region (CCR) to drive the expansion of the semiconductor supply chain in South Wales, to boost jobs creation and GVA growth in Wales and the UK.

This is the second call since the programme was launched in March 2025 and is relevant to UK-based buyers and suppliers to the Compound Semiconductor (CS) sector in South Wales, including:

- advanced manufacturing services
- advanced mechanical and electronic engineering products/services
- industrial gases/chemical suppliers
- raw material and equipment suppliers
- specialist compound semiconductor design tools and software
- fabless compound semiconductor companies
- End-market system integrators such as in automotive, communications, aerospace, medical sectors

Priorities of the Investment

The Priorities of the investment are:

PRIORITY A: Upstream

*Existing or Potential **Suppliers** into the Primary Cluster Organisations*

- Increase productivity and competitiveness in the regional upstream supply chain.
- Increase capacity inline with the planned growth of the primary Cluster firms.
- Fill gaps in the upstream regional supply chain.

PRIORITY B: Downstream

*Existing or Potential **Customers** of the Primary Cluster Organisations*

- Increase downstream activity in the region
- Develop and embed linkages with primary Cluster firms.

The **Primary Cluster Organisations (PCO)** are:

- Industry: Compound Semiconductor Centre, IQE, KLA (SPTS Technologies), Microchip Technology, Vishay Newport.
- HEI: Cardiff University, Swansea University
- RTO: CSA Catapult

Scope and Eligibility

Funding:

- The programme will support projects of up to £100,000 in grant value with a maximum intervention rate of 50%.
- Micro companies (fewer than 10 employees)¹ may lead projects at a 70% intervention rate at a capped grant of £30,000 in grant value.
- Micro companies may use a hybrid approach of 70% for the first £30k and 50% up to a maximum £100k grant value.
- Grants will be awarded as Minimum Financial Assistance (MFA) subsidies of the Subsidy Control Act 2022.
- Projects must be led by a UK registered limited company of any size.
- Companies are permitted to submit up to 3 proposals.
- Being located in South Wales is NOT a prerequisite, however there must be clear links and benefits to the CCR region.
- Projects cannot be led by a Primary Cluster Organisation.
- Projects should be between 6 to 12 months in duration.
- Recipients are paid quarterly in advance.

Proposals **MUST** address the following criteria:

1. Aim to support the expansion of the semiconductor supply chain by enhancing or creating linkages to the Primary Cluster Organisations.
2. Clearly outline how the project will address Priority A or Priority B of the investment.
3. Address a specific need or opportunity with a Primary Cluster Organisation.
4. Proposals require a letter of support from at least one of the Primary Cluster organisations detailing level of commitment.
5. Deliver economic impacts that wholly/substantially benefit the ten local authorities of the CCR region:
 - *Cardiff, Newport, Monmouthshire, Blaenau Gwent, Caerphilly, Torfaen, Merthyr Tydfil, Rhondda Cynon Taff, Vale of Glamorgan and Bridgend.*

¹ See formal definition of a micro company/micro entity:

<https://www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#micro-entity>

6. Demonstrate how the intervention will lead to economic growth such as, new employment and productivity improvements within their organisation.
7. Expect commercial outputs/benefits within a reasonable timescale after project completion.
8. Demonstrate how the project supports innovation or a market differentiator that provides a competitive edge within the sector.

Projects can be in the following example areas:

- Purchase/upgrade², installation and commissioning of equipment.
- Qualification of products, services or equipment.
- Onshoring of a new supplier in CCR region, Wales or the UK

The Programme will not fund:

- General business development.
- Research and development projects perceived as low TRL.
- Projects where substantial/significant project costs are allocated to a PCO as a subcontractor, e.g. device fabrication runs, epitaxial growth campaigns, other intensive fabrication costs.
- Scoping activities in order to identify/justify project feasibility, e.g. market analysis, business engagement, technical review.
- Projects that do not bring economic impacts to the CCR region.
- Projects that are not supported by a PCO.
- Projects that do not address ALL the scope and eligibility criteria.

Project Team

The project team should at a minimum consist of

- Recipient
- Supporting Primary Cluster Organisation(s) (PCO)

The **Recipient** is the lead organisation and sole grant recipient responsible for delivery of the project and use of grant on the project.

The **Supporting PCO** must provide a Letter of Support to include the following details:

- Their rationale for supporting the proposal, including the expected benefits to their organisation.

² Capital Equipment will require prior authorisation from CSconnected and CCR.

- The level of commitment to the project, including the value of any in-kind contributions.

Subcontractors may be used where required and is defined as an organisation that is directly involved in specific tasks against the deliverables or milestones on the project.

PCOs are not expected to receive any grant but where justified, may act as a subcontractor on the project. The subcontract value should not exceed 10% of the total grant value.

Subcontractors should be sourced from within the UK. If there is a need to use subcontractors from outside the UK, a narrative should be provided to explain why UK-based subcontractors are not suitable. Note that cost savings alone will not be considered a valid reason for choosing an overseas subcontractor.

Other Partner who is not a Supporting PCO or Subcontractor but is providing contributions to the project via in-kind support, or otherwise.

Subsidy Control

It should be noted that the award of any grant is offered under the Subsidy Control Act 2022 and that the recipient must be eligible to receive any grant under the exemption for Minimum Financial Assistance (MFA). Successful applicants will be required to sign a declaration which confirms that any cumulated subsidies received under MFA and/or de Minimis over a period of three years, does not exceed £315,000.

Eligible costs

What counts as an eligible cost?

A cost that is specific to achieving the Deliverables and Milestones of the project AND permitted by the rules of the grant funding agreement.

COSTS	ELIGIBLE?
Labour costs	Where specific to the deliverables/milestones for the duration of the project
Overheads	20% of Labour costs
Travel and Subsistence	Where specific to the deliverables/milestones for the duration of the project
Equipment (Capital ³ and Non-capital)	Where specific to the deliverables/milestones for the duration of the project
Materials and consumables	Where specific to the deliverables/milestones for the duration of the project

³ Capital Equipment will require prior authorisation from CSconnected and CCR.

Subcontractors	Where specific to the deliverables/milestones for the duration of the project
Installation/commissioning of equipment	Where specific to the deliverables/milestones for the duration of the project
Training costs	Where specific to the deliverables/milestones for the duration of the project
Specialist software tools e.g. EDA	Where specific to the deliverables/milestones for the duration of the project
General software licensing	No
Relocation costs	No
General repairs, maintenance or running costs of equipment	No
Capital Equipment Usage	No, with the exception of Subcontractors where this type of cost is essential for delivery of services.
Financial Capital Costs (e.g. interest, bank fees etc)	No

What is the form of matched grant by the Lead organisation?

Matched grant will be based on the intervention rate for the project. Therefore if the intervention rate is 50%, then CSconnected will fund 50% of all eligible costs up to £100k grant value. Similarly for micro companies, CSconnected will fund 70% of all eligible costs up to £30k grant value.

What about in-kind costs?

In-kind costs do not count as match funding under this scheme. However, any in-kind contributions from partners, such as a PCO, will be counted as additional leverage

Payments

Recipients are paid in advance each quarter based on a predicted spend profile to aid cashflow. Costs will then be reconciled against actual costs in the quarterly claims, due 14 days after the end of the quarter.

Reporting and Monitoring

Economic Data

Recipients will be required to provide baseline economic data prior to the project starting and, where relevant, for the [Cluster's Annual Reports](#) to measure direct/indirect

impacts of the intervention in addition to any other relevant Key Performance Indicators (KPIs).

Requested baseline and annual data (Nov to Oct) will include information such as employee numbers (and demographics), payroll costs, sales figures, and expenditures. This information is then aggregated across the Cluster organisations to examine the economic activity, trends and impact, of the semiconductor sector in South Wales.

There will be a post-project impact reporting period of 1 year.

Project KPIs

The Programme has identified a number of KPIs that can be partially, substantially or wholly attributed to a project. Proposals should outline KPIs relevant to their project.

- Jobs created
- Jobs safeguarded
- In-Kind contributions to the project
- Increase in sales within Wales/UK/Total (% and value)
- Increase in purchasing within Wales/UK (% and value)
- Creation of Intellectual Property e.g. invention disclosure, trade secrets, documented processes, patents and trademarks.

Quarterly Reporting

The Recipient shall maintain, and provide on a quarterly basis, a detailed Progress Report to demonstrate progress against the Project.

Intellectual Property

Any Intellectual Property developed during the course of the project should be owned by the party that created it.

Proposals

Submission

Applicants should submit the accompanying Application Form along with any supporting documents to hazelhung@cconnected.com by the closing date.

Applicants should refer to this Guidance Document when answering the questions, noting the assessed criteria.

Questions which are directly assessed, are indicated in the Application Form. Where there is no indication, the answers will still be considered as part of the overall assessment of the proposal.

For queries, please contact Hazel Hung: hazelhung@csconnected.com

Assessment

Proposals will be assessed and scored by an independent review panel, with applicants notified in Sep, with projects aiming to commence in Oct/Nov 2025.

Award

All successful applications will be subject to due diligence and may be requested to provide further information to support this process.

As the Funder, CSconnected Ltd will manage funding programme and be the direct point of contact.

A Grant Funding Agreement (GFA) will be issued as an agreement between the Recipient (i.e. applicant/lead organisation) and CSconnected Ltd. The GFA is a detailed legal document spanning around 60 pages due to flow down of obligations of the head funding agreement between CSconnected Ltd and CCR. While its terms are in line with standard funding arrangements, applicants should be prepared for its length and level of detail. A copy of the agreement can be provided on request for review ahead of award.