

## Media release

5 February 2019

### **PENSION FUND INVESTS £10 MILLION IN WELSH BUSINESS OWNERS**

The Clwyd Pension Fund has confirmed a £10 million equity investment in the £25 million Wales Management Succession Fund. This is the first time an institutional equity investor has backed a fund managed by the Development Bank of Wales or its predecessor Finance Wales.

The Wales Management Succession Fund was first launched in 2016 by Welsh Government with an initial £10 million investment alongside £5 million of legacy funding. The fund provides ambitious Welsh business owners and management teams with the funding they need to buy established Welsh small and medium-sized businesses (SMEs) when their current owners retire or sell. Equity investments of between £500,000 and £3 million are available.

£4.275 million has been invested to date with the Development Bank of Wales backing the successful management buy-outs of Glamorgan Telecom, First Choice Accident Repair Centre, ALS Managed Service (Holdings) Limited, Camtronics Vale and Minerva Laboratories (Coltrun Limited).

The £25 million fund will now support 20 businesses, leverage £15 million of private sector funding and create/safeguard 1000 jobs over the next five years.

Economy Minister Ken Skates said: "I am very pleased that Clwyd Pension Fund are investing alongside Welsh Government in the Wales Management Succession Fund. Attracting institutional investment at a fund level is a significant step forward in the evolution of the Development Bank of Wales, proving that Wales and Welsh business is an attractive proposition for investors."

Colin Everett, Administrator of Clwyd Pension Fund said: "As a forward thinking and responsible investor we actively seek opportunities which deliver on both fund performance and sustainability objectives. We are delighted to make this investment which will support economic growth and employment in a segment of the market vital for the health of the Welsh Economy. The investment

also underpins the commitment of local authorities, as our principal fund employers, to supporting economic growth in Wales.”

Chief Executive of the Development Bank of Wales Giles Thorley and Group Investment Director Mike Owen presented an overview of the £10m investment into the Wales Management Succession Fund at Clwyd Pension Fund’s annual meeting with employers and member representatives in November 2018.

Mike Owen said: “Management succession is a critical element of a vibrant and successful economy. Without a mechanism to transfer companies to the next generation of business leaders, companies can stagnate, downsize, relocate, or even close.

“The Wales Management Succession Fund endeavours to meet this gap in the Welsh market by providing funding to businesses where an acquisition will help safeguard jobs within the business in Wales; jobs which would have been lost if no buyer for the business could be found, or where the business would otherwise be relocated.

“This is the first time in our history that we have secured equity investment at fund level, and is an important step in diversifying our funding sources as a model for future fundraising. This investment by the Clwyd Pension Fund will enable us to support Welsh businesses to transition their leadership, create and safeguard jobs and ensure business longevity for a more prosperous Wales.”

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#### **Notes to editors:**

#### **About the Development Bank of Wales**

- The **Development Bank of Wales** was set up by the Welsh Government to support the economy of Wales by making it easier for businesses to get the finance needed to start up,

strengthen and grow. The purpose of the Development Bank is to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market.

- Launched in October 2017 it is a cornerstone organisation for delivery of public sector financial products, supporting micro to medium businesses in Wales and increasing the supply of finance. It promotes economic development through an adaptable delivery model that is responsive to market needs whilst providing continued value for money for public funds. It delivers key Welsh Government policy objectives measured through performance targets and providing investment management and support services across the whole of Welsh Government.
- Formerly known as Finance Wales, the Development Bank of Wales has supported 344 businesses in Wales with £72m worth of investment funds in its first year of operation (figures correct as of October 2018) which has in turn, attracted £84m in private investment.
- The **Development Bank of Wales** has made £0.5bn direct investment into Welsh businesses, attracting £0.6bn private sector leverage creating a total impact into the Welsh economy of £1.3bn.
- During the 2018-19 financial year the **Development Bank of Wales** has:
  - invested £59 million directly into Welsh businesses through 276 investments
  - attracted £75 million additional investment from banks and other private- sector funders
  - Made a £134 million growth capital injection into the Welsh economy;
  - created or safeguarded 2533 jobs in Wales

(Figures correct as at 31 December 2018)

Development Bank of Wales Plc (Banc Datblygu Cymru ccc) is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at [www.developmentbank.wales](http://www.developmentbank.wales).

### **About Clwyd Pension Fund**

The Clwyd Pension Fund is part of the statutory Local Government Pension Scheme (LGPS) and is administered by Flintshire County Council.

The Clwyd Pension Fund provides retirement benefits for local government employees in North East Wales and for employees of other bodies providing similar services to local authorities that have been admitted to the LGPS.

Teachers, police officers and firefighters are not included as they come within other national pension schemes.

Further details about Clwyd Pension Fund can be found at: [mss.clwydpensionfund.org.uk](http://mss.clwydpensionfund.org.uk)

