4 BetaDen Progress Report

WLEP BOARD RECOMMENDATION

The Board is asked to:

- Note the achievements for BetaDen Accelerate for UK SPF delivery to date
- Note the addition of a new Incubator programme 'BetaDen Incubate' to the BetaDen brand
- Approve BetaDen proposed priorities April 2025 - Mar 2026
- Discuss and approve the proposal to refresh business plan FY 26/27 - 28/29

4.1 BetaDen ERDF / Growing Places pilot programme 2018- 2023

4.1.1 BetaDen, Worcestershire's first Technology Accelerator, was established in 2018 as a pilot project, forming one element of a broader programme – the Worcestershire Innovation Network (WINN). WINN was run by the Worcestershire County Council (WCC) and paid for by the **European Regional Development Fund** (ERDF). With Board approval, WLEP provided match funding for BetaDen programme costs by means of a **Growing Places** grant, as well as providing core team staffing costs. This funding cycle ended in March 2023.

4.1.2 The purpose of the BetaDen pilot project was to establish whether Worcestershire could both **support and benefit** from having its own technology accelerator - and if the benefits to the business ecosystem would justify the investment. From the outset, the vision was for BetaDen to be very closely associated with the Malvern Hills Science Park, to draw inward investment to Worcestershire in addition to accelerating local tech companies. The BetaDen programme aligns with the **WLEP Plan for Growth**, its key growth sectors and focus on creating high value jobs.

4.1.3 BetaDen provided an update to the **WLEP Board in May 2023**, outlining the progress of the pilot project, the results of a Community Renewal Fund side-project (BetaDen North), and the proposed delivery under UK Shared Prosperity Fund (SPF) funds for the financial years 2023-24 and 2024-25. **These financial years are delivery years 2 and 3 of the UK SPF programme**. BetaDen was still funded by ERDF in delivery year 1 of UK SPF.

By May 2023 BetaDen had achieved demonstrable success:

- external recognition - in Autumn 2022 **BetaDen was named 'Best Technology Accelerator'** at the UK Business Tech Awards

- Independent Evaluation by Kada has now credited BetaDen Cohorts 1-6 with a **Cost-Benefits ratio of £6.60 for each £1 spent**

- Over **40** companies had received BetaDen support (49 including BetaDen North)

- Over **100** jobs created at that point following BetaDen support

- Conservative assessments indicated that alumni had secured **at least £1.8 million of UKRI grant funding since 2019** and almost **£7 million of investment**.

- BetaDen alumni had gone on to achieve **world firsts** in their spheres and win awards https://www.beta-den.com/news/category/cohort-successes/
  Jet Engineering (Cohort 4.0) Changemaker 3D (Cohort 5.0)

- Nearly **one in three** of all companies BetaDen had supported in Cohorts 1-6 were founded by women (rising to **one in two** for Cohorts 5.0 and 6.0), and **13%** were founded by entrepreneurs from ethnic minority backgrounds.

4.2 BetaDen UK (SPF) Accelerate programme (Cohorts 7.0 and 8.0)

4.2.1 For the two financial years 2023/24 – 2024/25 BetaDen is funded by a combination of UK Shared Prosperity Fund (via District Councils) and WLEP Growing Places grant.

4.2.2 During the **financial year 2023-24** in addition to the main 'Accelerate' Cohort delivery programme, BetaDen ran a series of **13 technology-focussed events** in various venues around the County, attracting **91 attendees from 69 unique businesses**. As well as the standalone benefits of each event, the improved visibility of BetaDen helped us with the pipeline of Cohort applications and access to potential Industry / Delivery Partners. The Workshops were attended by businesses from all six District Councils.

4.2.3 BetaDen's **Cohort 7.0 Accelerate** programme delivery started in **September 2023** and ended in **May 2024** with a Showcase event held at Stanbrook Abbey Hotel outside Worcester. Cohort 7.0 have already reported creating 4 new jobs, although not all have yet provided evidence

to the required UK SPF standard to claim them formally. At application stage, BetaDen HQ noted the high number of early-stage applications from local businesses.

4.2.4 BetaDen received a **record number of applications (67)** to join our **Accelerate Cohort 8.0** programme and selected eight Worcestershire-based businesses to join us. Programme delivery started in early **June 2024** and will end in **February 2025**. At application stage, BetaDen HQ again noted the high number of early-stage applications from local businesses

4.2.5 BetaDen remains an inclusive environment, and for Cohorts 7.0 and 8.0 **19%** of the companies have **female** founders and **13%** have founders from an **ethnic minority background**. The overall figures for Cohorts 1 – 8 are **25% female founders** and **13 % from ethnic minority backgrounds**. This matches or exceeds the national average figures available for the tech sector.

4.2.6 BetaDen received a total of **282 applications for 64 places** on the Accelerate programme Cohorts 1-8. For the ERDF funded programme (Cohorts 1-6), BetaDen received **181** applications for **48 places** (3.8 applications for each place). For the UK SPF funded programme (Cohorts 7-8) BetaDen received **101 applications for 16 places** (6.3 applications for each place).

4.3 BetaDen Incubate Programme (Barclays Eagle Labs Ecosystem Partnership Programme/ Growing Places) 2024-2025

4.3.1 Having noted the high levels of interest in Accelerate from early-stage local businesses, in December 2023 BetaDen put in a successful bid to the **Barclays Eagle Labs Ecosystem Partnership Programme** for funding to test demand for a technology-focussed Incubator in the County. WLEP provided match funding from Growing Places, and funding was secured to run **four** separate Intakes, with all delivery to be completed during the financial year **2024-25**. The funding supports an additional part-time member of staff (0.8 FTE), who has joined the team on a Fixed Term Contract.

4.3.2 BetaDen Incubate Intakes 1-4 will be delivered from **The Kiln Co-Working CIC** in Worcester. Publicity surrounding BetaDen Incubate has been restricted by the announcement of the July 2024 General Election, but **Intake 1** started on **Tuesday 2nd July 2024**. Intakes 2-4 are scheduled to start in September 2024, November 2024 and Jan 2025 respectively.

4.3.3 The BetaDen Incubate programme provides access to co-working space and community at The Kiln, as well as an **eight-week programme** of workshops and 1:1 support to tailor the workshop content to the individual business/ business idea. There is **no Proof-of-Concept Grant** or **Marketing Fund** element to Incubate.

4.3.4 The introduction of BetaDen Incubate supports the aims and objectives of the **WLEP Innovation Board** by developing the '**Enabler**' capacity in the County. BetaDen will be monitoring the progress of Incubate and has commissioned an external evaluation following a procurement exercise. The contract was won by **Amion**, who will also be providing **independent evaluation** of the UK SPF Accelerate programme. The joint (Accelerate and Incubate) evaluation report is due in **March 2025**.

4.4 BetaDen Funding Model

4.4.1 In **May 2023** the target was stated for BetaDen to be **funded 50% public sector 50% private sector by FY 2025/26**. A recruitment exercise was held, and a Partnerships Manager appointed, who stayed in post for six months. The decision was made to re-allocate responsibilities within the team and strengthen our marketing and events capacity. Since **January 2024** the core BetaDen team has comprised four full-time roles:

1x Programme Manager;
1x External Affairs Director (with responsibility for Corporate Partnerships);
1x Marketing and Communications Manager; and
1x Marketing and Events Executive.

There is also a part time (0.8 FTE) role to assist in delivery of Incubate Intakes 1-4.

4.4.2 BetaDen trialled some different Partnership packages for Cohort 7.0 relating to Mentoring provision and Showcase, with a mix of cash sponsorship and in-kind contributions that totalled **£46,950 value to the programme**. This builds on the £20k cash secured by an Industry Partnership for Cohort 4.0. The team have learnt lessons from the Cohort 7.0 experience, and are on track to secure **equal or greater value** for Cohort 8.0.

4.4.3 The greatest impact so far has been to **reduce the costs** of supplying the Expert Mentoring for the Cohort founders. Whereas some Mentors continue to be paid under contract, BetaDen has secured Partnerships with several leading professional services firms to provide Pro Bono mentoring for Cohort 7.0, Cohort 8.0 and also for Incubate Intakes 1-4.

4.4.4 BetaDen did not proceed with the proposed Tech Summit in delivery Y2, and has not included costs for any Tech Summit in the 'likely spend' figures in the table below. Whilst salaries in Y2 came in under budget, the salaries costs in Y3 are likely to exceed the initial figure as the Marketing and Events role will not have salary costs offset by cash income. Overall:

- Programme spend profile is tracking under the allocation approved by the WLEP Board in May 2023;
- Mentor costs for Y3 delivery have reduced significantly, as anticipated; and
- There may yet be scope to reduce costs for some elements for Y3 delivery, for example related to the Cohort 8.0 Showcase.

Year 2 Outturn against Approved costs, and revised budgeting figure for Y3 BetaDen Accelerate delivery (4 FTE)

BetaDen Outline Costs 2023-2025 Approved May 2023	Y2 and 3 total	Total Y2 approved	Y2/C7 outturn £	Underspend	Total Y3 approved	Y3 likely
Salaries (including new role)	317,400	181,700	165,000	16,700	135,700	191,000
WCC staff POC	10,000	3,000	10,000	-7,000	7,000	10,000
Property MHSP	76,000	38,000	38,000	0	38,000	38,000
BetaDen Marketing, PR and Outreach including Events/ Tech Summit / Awards	99,700	48,500	7,000	41,500	51,200	20,000
BetaDen website and BetaDen Web portal	20,000	10,000	9,000	1,000	10,000	10,000
Other Venue Hire / costs (workshops)	14,000	7,000	3,000	4,000	7,000	5,000
BetaDen Cohort PR and Marketing (2 cohorts of 8)	30,000	15,000	6,000	9,000	15,000	12,000
Equipment	10,000	5,000	4,000	1,000	5,000	500
Mentors *NB costs expected to reduce*	120,000	70,000	35,000	35,000	50,000	39,000
Proof of Concept grants (2 cohorts of 8) (16 x £10k)	160,000	80,000	75,000	5,000	80,000	80,000
Cohort Marketing Fund (2 cohorts of 8) (16 x £2k)	32,000	16,000	12,000	4,000	16,000	16,000
Showcase (2 cohorts of 8)	52,000	27,000	22,000	5,000	25,000	25,000
5G allowance (Split Mentors/POC)	10,000	5,000	0	5,000	5,000	0
TOTAL	**951,100**	**506,200**	**386,000**	**120,200**	**444,900**	**446,500**

4.4.5 Despite the progress made in income generation, **it does not seem likely that BetaDen will reach the target of a 50% public/ 50% private funding model by FY 2025-26**, and future planning is built on a presumption of continued public sector support whilst the team continue to develop further income streams.

4.4.6 Whilst in post the Partnerships Manager researched the funding models of a range of different technology accelerators. Whilst most have a variety of income streams, the overwhelming majority rely on some level of public sector underpin. It is unlikely that BetaDen contributions will be sufficient to cover the salary costs.

4.5 BetaDen Priorities FY2025-26

4.5.1 The change in government following the General Election is expected to impact on the timing and content of public funding decisions for FY 2025-26. Pending confirmation of funding BetaDen will plan on the scenario that:

- the UK Shared Prosperity Fund will be continued in broadly the same form for another financial year.
- The Incubate programme is proven beneficial to local technology businesses
- There is sufficient funding to deliver a further Cohort of Accelerate
- The BetaDen HQ team continue to seek cost reductions, increase corporate partnerships and maximise income
- The WLEP Board will continue to support BetaDen delivery and development

4.5.2 In FY 2025-26 BetaDen will plan to deliver:

- 1x Accelerate Cohort (Cohort 9.0) – this will be delivered from the BetaDen HQ in Malvern, but will differ slightly in format, with reduced Proof of Concept grant funding available, no marketing fund and in increase in founders if the quality of applications supports this. BetaDen will seek increased private sector support in the form of cash and In-Kind contributions.
- 2x Incubate Intakes – BetaDen will seek a Partner to deliver the venue for Incubate Intakes 5 and 6, and will incorporate Lessons Learned from the pilot Intakes 1-4.
- A Public Workshops programme on technology topics – these will be delivered in a range of venues around the County, to maximise accessibility to local businesses.
- A refreshed BetaDen 3-year business plan, building on the existing programme elements and brand.

Outline BetaDen delivery plan for FY2025-26

Programme element	Accelerate Cohort 9.0	Incubate Intake 5 and 6	Public Workshops
Duration	6 months (reduced from 9)	8 weeks per Intake	Varies per Topic but 1 - 3 hours
Location Costs	Yes	No	Some
Co-working Space	MHSP	TBC	Various around Districts
Target # founders	8-10	20-30	50 businesses
Mentoring Programme	Yes	Yes	No
Proof of Concept Grant	£5,000 (reduced from £10k)	No	No
Marketing Fund	No (reduced from £2k)	No	No
Showcase Event	Physical	Online	No

The BetaDen team will incorporate feedback from both Accelerate and Incubate programmes into future delivery. **The costs indicated below include presumed cash and In-Kind contributions by Partners at the current rate**, and are based on **4.8 FTE** in the core team.

BetaDen Programme FY25-26	Annual Operating costs	Accelerate Cohort 9.0	Incubate Intakes 5 and 6	Workshops
Salaries and staff costs	228,000	0	0	0
Property Costs (HQ at MHSP)	38,000	0	1,000	2,000
BetaDen HQ running costs and marketing	10,000	0	0	0
Web/ portal	12,000	0	0	0
PR costs for Cohort/ Intakes	12,000	0	0	0
Events (Networking/ Pipeline/ Workshop events inc speakers)	0	500	1,000	4,500
WCC POC administration	10,000	0	0	0
Mentoring budget	0	40,000	15,000	0
POC (max 10 founders x £5k)	0	50,000	0	0
Showcase	0	32,000	1,000	0
Evaluation	5,000	0	0	0
Totals £	315,000	122,500	18,000	6,500
Beneficiaries (#businesses)		8-10	20-30	50
Combined costs £	462,000			

4.5.3 BetaDen is due to update the business plan during FY 2025-26 to produce a 3-year plan for FY2026/27- FY28/29. Whilst there may remain ‘unknowns’ in terms of future public sector funding priorities and delivery models, BetaDen will review its operating costs, delivery model and potential income streams. This could include, for example:

- Registration fees
- Equity stake/ success fee
- Match-funding requirements for Proof-of-Concept Grants
- Online delivery options
- Modular delivery for Accelerate
- BetaDen Plus (follow on from the Accelerate)
- Sector focus
- Industry Challenge
- Review of target company profile – e.g. minimum turnover requirements
- Leading/Contributing to a wider Inward Investment package – standalone or as part of BetaDen Plus
- Future Partnerships Models (e.g. MHSP, University of Worcester)
- Location decisions for Incubate and Accelerate

BetaDen could also seek to expand its delivery by means of:

- Seeking grant funding as BetaDen alone - as with Eagle Labs and the Incubate programme; or
- Seeking grant funding through partnership with others (e.g. UKRI grants in partnership with e.g. local HE/ FE institutions).

4.5.4 The availability of suitable funding opportunities is outside of the control of the BetaDen team. The BetaDen HQ team therefore recommend keeping primary focus on developing the Income streams/ Paid-For BetaDen options. The team has an initial list of ideas for constituent elements and how this could tie in with a mix of private sector and public delivery partners (such as the Worcestershire Growth Hub). This work would be in line with Plan for Growth and Innovation Board priorities.

4.5.5 The WLEP Board are asked to note the BetaDen successes (both Accelerate and Incubate programmes) to date, to endorse the proposed delivery priorities for FY2025-26 and approve the proposal to produce an updated business plan.

Kate Snell
BetaDen Programme Manager