5 BetaDen Progress Report

WLEP BOARD RECOMMENDATION

The Board is asked to:

- Note the end of the ERDF/Growing Places-funded pilot project
- Note the achievements from the pilot project
- Continue to support BetaDen until March 2025

5.1 BetaDen ERDF / Growing Places pilot programme

5.1.1 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.

5.1.2 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, alongside the 5G Testbed facilities and NexGworx, forming a key draw for 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.

5.1.3 During the pilot project timeframe of FY 2018/19-2022/23, the BetaDen team delivered support to over 40 separate businesses in six different cohorts of tech entrepreneurs. The core offer to the cohort members remained largely the same during the pilot:

- a Proof of Concept Grant;
- a marketing fund;
- specialist mentor support;
- free office accommodation in the WLEP office at the Malvern Hills Science Park (MHSP);
- access to the 5G Testbed equipment and staff expertise;
- a Showcase event at the end of the delivery programme.

There was some variation in the £value of the Proof of Concept grants offered over the course of the pilot project. Delivery of the programme was Face to Face at MHSP except during the period of Covid restrictions.

5.1.4 At the end of the pilot project, BetaDen has achieved demonstrable success. Between October 2018 and March 2023 BetaDen delivered high quality technology-business-specific acceleration support to over 40 companies, working in areas from Artificial Intelligence, 5G, Hazard Intelligence, Biometrics, Cyber, Manufacturing, IoT and more.

- Over **40** companies received BetaDen support

- Over **100** jobs created so far

- Conservative assessments show that alumni secured **over £2.7 million of UKRI grant funding since 2019**

- Conservative assessments show that alumni secured almost £7 million of investment - **in the latest reported year alone**

- **At least 6** BetaDen alumni so far have gone on to win awards (and many more have placed) https://www.beta-den.com/news/category/cohort-successes/ or received press attention Utelize

- BetaDen alumni have gone on to achieve **world firsts** in their spheres Jet Engineering (Cohort 4.0) Changemaker 3D (Cohort 5.0)

- BetaDen alumni have successfully expanded abroad and won places on prestigious international acceleration programmes ORNA (Cohort 4.0)

- 2 BetaDen alumni have **collaborated** to secure contracts on a national infrastructure project Plinx (Cohort 2.0) and Changemaker 3D (Cohort 5.0)

- **One in three** of all companies BetaDen has supported have been founded by women (rising to **one in two** for Cohorts 5.0 and 6.0), and **over 14%** have been founded by entrepreneurs from ethnic minority backgrounds. BetaDen is truly **inclusive**.

- By the time of opening for applications to Cohort 6.0, BetaDen's reputation had grown to the extent that the HQ team were able to run a reserve list – setting up future success for Cohort 7.0.

5.1.5 Feedback from the cohort founders on the BetaDen delivery programme has been extremely positive. An independent evaluation commissioned by WCC has provided a **mid-term evaluation** (produced by a company called Kada) covering the first four cohorts. The final evaluation is due Summer 2023. The findings from this independent research provide reassurance that the programme quality was high:

- **100%** of the BetaDen businesses surveyed felt that the support was either in line with or exceeded expectations

- **100%** of the BetaDen businesses surveyed were satisfied with the support they received

Some of the business responses are quoted below (from the mid term evaluation by Kada)

"We didn't really have much knowledge around the market, financial and legal areas of business. Our business was much more mature as a result of entering into the programme and therefore able to do business with other large businesses" -Business Survey Respondent

"We had a lack of coherent structure, thinking about the businesses relationship with customers and the market. This was largely overcome through models introduced by the mentors as well as following up suggestions for user testing"- Business Survey Respondent

5.1.6 By the **mid-term** evaluation point Kada assessed the estimated **Cost-Benefits ratio** to be **1: £3.10** - each £1 invested will generate £3.10 of benefit. The early draft of the **final** evaluation sees this increased to **1: £6.10.** The programme team however consider this to be an under-estimate as

- the figures are based on interviews with only a sample of alumni, and

- the figures are focussed on ERDF-evidenced job creation data with its requirement for actual ink signatures on paper forms. This was severely impacted by Covid restrictions.

BetaDen HQ figures, including data from Companies House, indicate much higher job creation figures, which in turn would further improve the ROI.

5.1.7 BetaDen has achieved external recognition – and is now seen as a key regional asset by organisations such as **Innovate UK** and the **West Midlands Combined Authority**. After less than 5 years of operation – and from a standing start - BetaDen has also achieved national recognition: in Autumn 2022 **BetaDen was named 'Best Technology Accelerator'** at the UK Business Tech Awards. **For context, there are over 180 accelerators in the UK.** Worcestershire has achieved national recognition for the support it provides to tech entrepreneurs.

5.1.8 Following hundreds of nominations from Technology Supply Chain members, Beta-Den has also been shortlisted for **Technology Innovation Champion of the Year 2023** in the prestigious Innovation Awards. The shortlist will be put to the public vote opening at 9am on Tuesday 23rd May at https://tiawards.co.uk/ and closing at 6pm on Friday 2nd June.

The Technology Innovation Awards are backed by Make UK, NatWest, Innovate UK, the IoD**,** the West Midlands Combined Authority**,** Sustainability West Midlands, Aston University, BCU and others; the Innovation Awards recognise, celebrate and reward the businesses, organisations and individuals who are dedicated to innovation.

5.2 Community Renewal Fund (CRF)

5.2.1 Whilst the ERDF-funded programme was running, the BetaDen HQ team managed to secure **Community Renewal Funding** to deliver a **'BetaDen North'** programme in the **Wyre Forest** during 2022. BetaDen North followed a slightly different delivery model to BetaDen HQ, with a series of 'open' workshop events for local companies, and a shorter, more 'boot-camp' approach to delivery. BetaDen North focussed on 'green' or 'CleanTech' companies – those who could contribute to the UK achieving its Net Zero goals.

5.2.2 This focus on a specific sector and with district-level recruitment targets helped the BetaDen HQ team to assess the costs, benefits and disadvantages of a different model for BetaDen delivery. The HQ team was able to learn valuable lessons from this experience, lessons which have been applied to future cohort planning. BetaDen North helped to grow BetaDen brand awareness, in addition to supporting nine local companies through the cohort delivery programme and 47 companies through the Workshop events.

5.3 BetaDen UK Shared Prosperity Fund (UK SPF)

5.3.1 The UK SPF is UK national government funding intended to replace the ERDF support for a period of 3 financial years. The Fund is currently in delivery year two of three. UK SPF administration has been devolved to **District Council** level rather than County, to ensure that decisions are taken at the local level and reflect local priorities.

5.3.2 BetaDen put in a bid to all six District Councils in Worcestershire to run a County-wide BetaDen programme for the **two financial years 2023/24 – 2024/25**, based on all six District Councils contributing. Five of the District Councils have indicated that they wished to support the BetaDen programme, and one has declined.

5.3.3 The BetaDen HQ team have progressed with planning for **Cohort 7.0** and is currently working on the funding agreements, output targets and procurement arrangements. Applications are currently open – and so far the field of candidates is very strong. The deadline for applications is June 16th 2023, with programme delivery expected to start in **September 2023** and run for nine months.

5.3.4 The refreshed BetaDen cohort delivery programme will incorporate lessons learned from ERDF and CRF delivery. Where UK SPF targets are aligned with those of the **Worcestershire Growth Hub**, the BetaDen team will achieve efficiencies by combining efforts, providing a more cohesive business support offering.

5.4 Capitalising on BetaDen's success for Worcestershire

5.4.1 The intention for BetaDen was always to move away from a 100% public-funding model. Revenue generation targets were previously set by the Board; however, the pandemic and key personnel changes affected progress towards these targets.

5.4.2 Following discussions with the BetaDen Advisory Board, BetaDen will be re-instating and recruiting to a Partnerships Manager role to capitalise on the private sector interest it is now receiving. A number of models have been discussed, and this work will be progressed as a high priority.

5.4.3 BetaDen's growing reputation has already resulted in industry partnerships:

- BetaDen worked with Steatite as an Industry Partner for the Cohort 4.0 delivery period, and a sum of £20k was transferred to WCC. However, due to the rules governing ERDF funding, spending the £20k during the delivery period would have resulted in a £20k reduction in ERDF funding. The money was therefore set aside for use post-ERDF.

- IONOS made contact with BetaDen, and in partnership, has delivered free Cloud workshops to Worcestershire companies. **BetaDen alumni** were eligible for £**10k** of free Cloud support – double the standard **£5k** offer to non-BetaDen start-ups. IONOS has expressed strong interest in exploring partnerships with BetaDen in the future.

- Several **Professional Services** firms have approached BetaDen requesting to offer support to the cohort members **for free**. The BetaDen HQ team will factor this into the process for procuring Mentor support, whilst maintaining paid support where considered necessary. Fair access will be demonstrated by continued use of public procurement process.

5.4.4 BetaDen is also strengthening its strategic links with the UK investment community, with local and regional Universities, industry partners and with the WLEP Innovation Board:

- A member of the BetaDen Advisory Board now also sits on the WLEP Innovation Board

- BetaDen continues to work closely with Midlands Cyber and NexGWorx

- BetaDen has formed a very strong relationship with Mercia Asset Management – who have provided numerous strategic introductions, all with a warm recommendation

- BetaDen is improving strategic links with the UK Business Angels network

5.4.5 BetaDen is also starting to exploit international opportunities – for example by forging links with Nord France Invest in Lille (in tandem with Midlands Cyber), and by following up with contact made by Nova, the innovation arm of **Saint Gobain,** to BetaDen directly. BetaDen has introduced Nova/ Saint Gobain to **NexGWorx** due to good strategic alignment with their UK ambitions.

5.4.6 BetaDen will exploit all these connections and opportunities further when the Partnerships Manager is in post. The post will be a Fixed Term Appointment for 12 months, with scope to renew subject to success in generating income.

5.5 WLEP Board Support for BetaDen

5.5.1 The WLEP Board was supportive of the BetaDen pilot project from the outset, approving **staffing costs** for a BetaDen HQ team as well as a **Growing Places grant** to provide necessary match-funding to the ERDF funds.

5.5.2 The ERDF funding was always scheduled to finish by June 2023, and the aim was always for BetaDen to transition to alternative form(s) of funding thereafter. All spending under the ERDF programme is now complete. The programme spend over 5 financial years fell into 3 broad categories:

	Budgeted	Spent	Unspent	% Underspend
Proof of Concept Grants to founders	£455,496.89	£432,373.75	£23,123.14	5.08
Consultancy (including mentors)	£254,948.15	£241,218.42	£13,729.73	5.39
Marketing	£242,265.46	£240,440.12	£1,825.34	0.75
Total	**£952,710.50**	**£914,032.29**	**£38,678.21**	**4.06%**

ERDF also provided a modest amount towards Project Support costs, funding part-time staff within the WCC WINN team.

5.5.3 The five District Councils that offered UK SPF support for BetaDen did not offer the full amount that the BetaDen HQ team requested – therefore collectively only c.52% of the UK SPF ask has been offered. BetaDen HQ is in the process of clarifying the UK SPF target outputs that are obtainable within the reduced budget.

District Council	UK SPF Y2 contribution total	UK SPF Y3 contribution total
Bromsgrove	65,000	65,000
Malvern Hills	75,000	75,000
Redditch	60,000	60,000
Worcester City	75,000	75,000
Wyre Forest	86,100	0
Wychavon	0	0
TOTAL	**361,100**	**275,000**
Grand Total UK SPF funding 2023-25		**636,100**

5.5.4 It is worth noting that whilst there may be potential to reduce delivery costs in the Mentor element of the programme – this will be tested during the procurement process – overall costs have risen due to inflation. There will also be new costs incurred by necessary re-branding work, the District-focussed 'workshop' elements of the programme, and the costs

of growing brand recognition and outreach to increase the Inward Investment value to the County. The administrative burden has increased due to the complexity of the UK SPF structure and its devolution to District County level.

5.5.5 This should be off-set against the opportunity for a Partnerships Manager to start generating income for BetaDen – although at this stage it is hard to assess the impact. The outline costs below are therefore expected to be reviewed at regular intervals and either outputs and/or budgets adjusted (either up or down). **The new target is for BetaDen to be funded 50% public sector 50% private sector by FY 2025/26.**

BetaDen Outline Costs 2023-2025	**TOTAL**	**Total Y2**	**Total Y3**
Salaries (including new role)	317,400	181,700	135,700
WCC staff POC	10,000	3,000	7,000
Property MHSP	76,000	38,000	38,000
BetaDen Marketing, PR and Outreach including Events/ Tech Summit / Awards	99,700	48,500	51,200
BetaDen website and BetaDen Web portal	20,000	10,000	10,000
Other Venue Hire / costs (workshops)	14,000	7,000	7,000
BetaDen Cohort PR and Marketing (2 cohorts of 8)	30,000	15,000	15,000
Equipment	10,000	5,000	5,000
Mentors **NB costs expected to reduce**	120,000	70,000	50,000
Proof of Concept grants (2 cohorts of 8) (16 x £10k)	160,000	80,000	80,000
Cohort Marketing Fund (2 cohorts of 8) (16 x £2k)	32,000	16,000	16,000
Showcase (2 cohorts of 8)	52,000	27,000	25,000
5G allowance (Split Mentors/POC)	10,000	5,000	5,000
TOTAL	**951,100**	**506,200**	**444,900**
Funded By			
UKSPF	636,100	361,100	275,000
Growing Places	315,000	145,100	169,900
TOTAL	**951,100**	**506,200**	**444,900**

5.5.6 The core BetaDen HQ team headcount will comprise one Programme Manager, two Communications and Marketing roles, and a Partnerships Manager. Part time support for the increased administration and financial management (previously supplied by the WINN Project Support team) will be provided from within the WLEP project management team. Proof of Concept grant support will have to be commissioned from WCC, and the Partnerships Manager role will have to be funded until it can generate income.

5.5.7 Through careful financial management, the **Beta Den HQ team still have £318k of the original Growing Places grant remaining of which £315k is being committed in this report.** BetaDen ask that the WLEP Board approve use of the remaining Growing Places grant for the FY 2023/24-2024/25 delivery years, plus continuing financial support for BetaDen HQ staff costs.

Kate Snell

BetaDen Programme Manager