Worcestershire Local Enterprise Partnership

06 - WLEP Innovation Update

WLEP Board

22 November 2024

Purpose of Report…

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Brief recap:

- Innovation is one of the three key areas of focus for the WLEP within the Plan for Growth (2020-2040), alongside skills and business environment (with LAs leading on Infrastructure and Place responsibilities)
- Nigel Hall now chairs an Innovation sub-board which has developed an innovation strategy framework and beginning to coordinate innovation activity county-wide
- Innovation sub-board met for the 4th time earlier this month
- Key components of strategy focussed around – Talent Development Capability / Funding Capability / Enablers

This report provides a progress update on a number of those areas, including:

- Development of a Marketing and communications plan for Innovation Worcestershire
- Proposal for a Worcestershire 'Tech Fest' series of events in 2025 to showcase innovation in Worcestershire
- Proposals to establish and run an innovation community across the county
- Project established to explore feasibility of an Angel Investment network for Worcestershire (and Herefordshire)
- Developing a pipeline of innovation projects

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Innovation Worcestershire: Marketing & Communications proposal

Innovation Comms Strategy…

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Innovation WORCESTERSHIRE

KEY AIMS

- Marketing and communications strategy to help grow the innovation community and further this agenda within the county.
- Utilise existing programmes & stakeholders to foster a supportive and informed community.
- Need to encourage more Worcestershire businesses to recognise the benefits of innovation and increase uptake of innovation activity.

KEY PRINCIPLES

- Utilise the **Innovation Worcestershire** brand
  Links to the wider LEP and County Council ambition and can act as an umbrella for innovation activity.
- Incorporate the work of **existing innovation partners**
  Need to work with partners, increase the awareness and strengthen the position of the brand.
- Create a **regular drumbeat of activity**
  Delivery of constant and regular activity that links to relevant real-world issues.

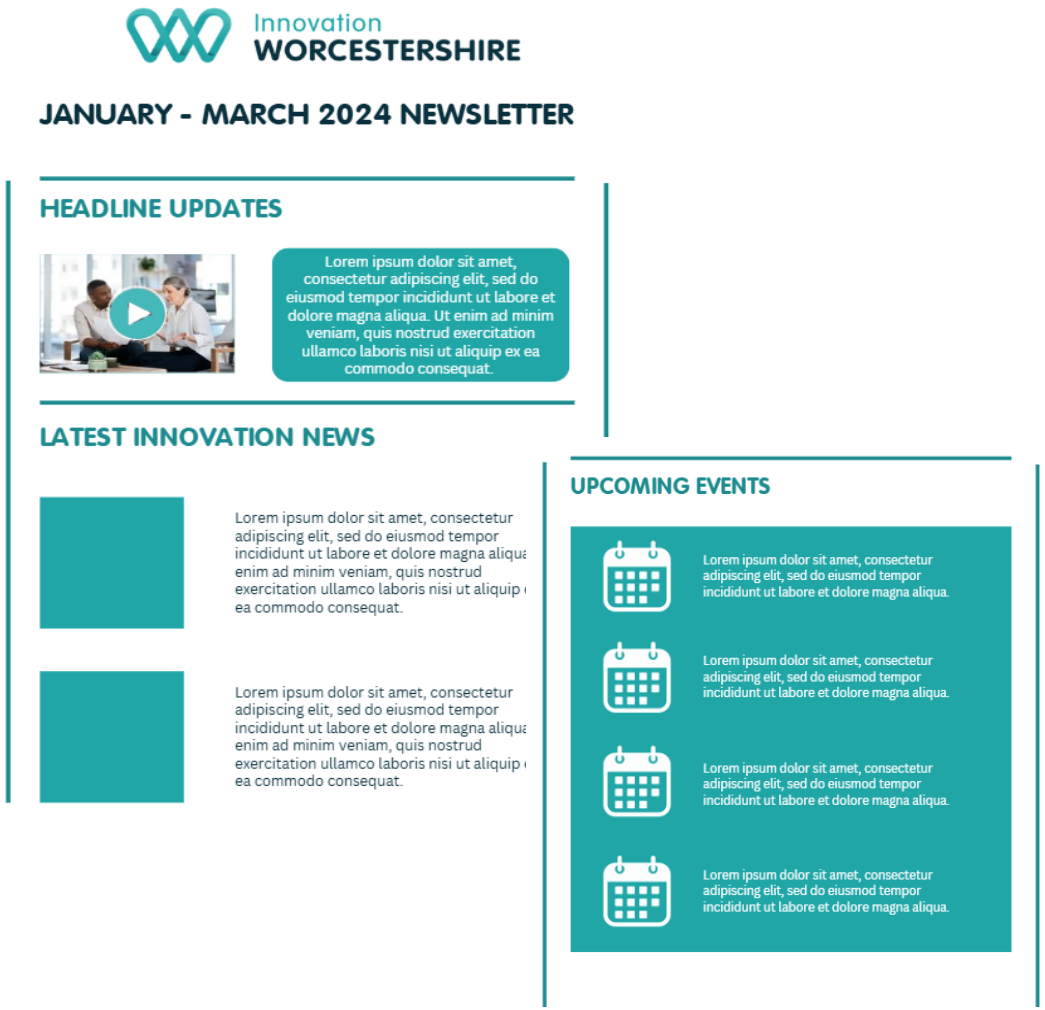
Proposed Delivery Plan…

- **Quarterly Newsletter**
  Featuring relevant articles, updates on events and business support around Innovation

- **Bi-monthly podcast**
  Feature local and regional guests to discuss chosen topics within Innovation

- **Bi-monthly ‘thought-leadership’ articles**
  Produce articles to engage and create conversation around relevant topics with Innovation

- **Support the delivery of Events & Webinars**
  Ensure that innovation themed events & webinars are delivered, working with key partners



Delivery Plan timeline…

The proposed delivery plan operates a quarterly focused approach with some aspects being more frequent. Below is an outline of the delivery plan timeline.

- **January 2025** - Launch with Newsletter and Social Media
- **January 2025** – Launch first podcast episode
- **January 2025** – Launch first Thought Leadership article
- **27th January to 6th February 2025** – Innovation Worcestershire: Tech Fest (Events and Webinars)

- **March 2025** – Second podcast episode
- **March 2025** – Second thought leadership article
- **April 2025** – Newsletter update

‘Live’ promotional activity…

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To support the current Innovation Worcestershire business grant and support programmes, a plethora of marketing activity via the County Council and Growth Hub has been undertaken to increase awareness and engagement across the county.

- Regional radio adverts
- Creation and distribution of a Support Brochure
- Adverts in Business Direction magazine
- Local newspaper wraps

Innovation Worcestershire: Tech Fest 'proposal'

Where Ideas, Tech and Talent connect.

Worcestershire will celebrate its innovative nature by a carefully curated selection of activity ranging from AI Insights, Cyber Workshops to Leadership Roundtables culminating in the BetaDen Showcase, highlighting the very best of innovation in Worcestershire.

Proposed delivery timeframe: 27th January 2025 – 6th February 2025

Lead Brand Innovation WORCESTERSHIRE

Delivery Organisations Worcestershire Local Enterprise Partnership; BETADEN Real Help for Real Tech; MIDLANDS CYBER The Cyber Cluster for the West Midlands; WORCESTERSHIRE GROWTH HUB; worcestershire county council

Proposed Activity & Topics

- Networking Launch
- Women in Tech Breakfast
- Leaders Forum – Advanced Manufacturing / AI
- Digital Resilience for SMEs – Cyber Workshops
- Agri-Tech
- Digital Resilience for SMEs – Cyber Workshops
- How to protect your innovation (Delivered by Wynne Jones and BIPC)
- Importance of Digital Skills
- How to fund your innovation – (Delivered by Apogee)
- BetaDen Cohort 8 showcase

Expected Outcome

- Showcasing Assets of Worcestershire
- Growth and Confidence of Investor Networks
- Enforce a position as a digitally advanced region aligned to the Industrial Strategy
- Increased Retention of Local Talent & SMEs

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Building a Worcestershire Innovation Community

Funded by UK Government

Innovation in Worcestershire – Existing Activities

WCC Innovation Programme

WCC Specialist Advisor Programme (Provider: Winning Moves)

- Bespoke 1:1 advice, and masterclass sessions
- Up to 20 hours support per business
- Minimum 40 businesses to be assisted

WCC Grant Advisor (Provider: BEC Leaps)

- 1:1 advice and support for completing the innovation grant application process – ensuring projects meet innovation programme aims
- Minimum 40 businesses to be assisted

WCC Innovation Grant

- Between £2,500 - £20,000 to help businesses adopt new products/services or new to market products/services
- Subject to eligibility & district limits

Innovation Worcestershire | Worcestershire Growth Hub | Bromsgrove District Council www.bromsgrove.gov.uk | Malvern Hills District Council www.malvernhills.gov.uk | Redditch Borough Council Working together for our communities | Worcester City Council | Wyre Forest District Council | Wychavon District Council good services, good value | worcestershire county council

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Rationale & Opportunity

An Innovation Network was initially considered as part of the WCC Innovation Programme to:

- drive referrals for the Advisors and Grants
- provide businesses with the ability to network, and make meaningful business connections to help them grow
- real-time feedback to WCC and stakeholders on what works/what is missing from support programmes
- foster a stronger environment for innovation to flourish in the County

After contract inception WCC reviewed specification to consider if this element could be levered more effectively.

There is an opportunity to use the Innovation Worcestershire brand to develop a dedicated Innovation Community

- Linking up support and advice through WCC programmes, Betaden, Growth Hub and the wider WIB strategy

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Contractual Requirement

£26,000 budget (WCC Open For Business) contracted with Winning Moves

£16,000 Feasibility Study to establish the value of setting up a network, and how best to achieve this.
Contracted to take place in September 2024 (on hold following further discussions internally).

£10,000 Running the Network.
Network events to take place October – 28 February 2025 when current contract expires.
Option to run the network beyond 2025 - open competition for alternative providers if desired.

Opportunity to extend current contract end date slightly beyond February 2025 to achieve aims.

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Options

Continue with original plan for feasibility study and running the Innovation Network

Scale-up the Malvern Festival of Innovation for wider Worcestershire audience

- Risk: Malvern Festival planning is well underway
- Risk: Subsidy Control considerations

Investigate a dedicated network/community to engage with on WCC & WIB strategy

- Fostering diverse and inclusive ecosystem
- Enhancing collaboration
- Strengthening **Enablers** element of WIB strategy - better leveraging public sector assets to enhance innovation ecosystem

Funded by UK Government

Recommendation & Next Steps

Investigate a dedicated network/community to engage with on WCC & WIB strategy

Winning Moves to plan and implement next steps

- Encompass all WCC and LEP activity
- Stakeholder mapping & engagement
- Timelines for implementation – by March 2025

Success criteria

- Increased engagement
- Growth of innovative businesses in the County
- Joined-up approach from all support and strategy
- Feedback loop from business community is consistent

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Worcestershire Angels project

Why…

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Growing Demand for early-stage funding:

- Worcestershire has a ***burgeoning entrepreneurial*** ecosystem, with a ***growing number of innovative startups*** and SMEs
- However, ***access to early-stage funding remains a significant challenge*** and ***early-stage businesses often struggle to secure funding***.
- ***Traditional lenders*** are typically risk-averse and ***focus on established businesses***, while ***venture capital firms tend to invest in later-stage companies.***
- This ***funding gap hinders the growth and scalability of promising startups***, limiting their potential to create jobs and drive economic development.
- ***Lack of angel investment activity/coverage*** in the county – only really Minerva active in WM geography

Starting from a solid base:

- This is a ***WLEP / WCC-backed proposal*** to establish an angels investment network – impartial, strong track record of delivery and coming from a place-making position (economic growth and prosperity) – A connected, creative and dynamic economy for all
- ***BetaDen is a best in class accelerator***, and has received national recognition - ***deal flow opportunities increasing*** via Incubate in addition to Accelerate cohorts
- Access to ***strong intelligence and potential opportunities via Worcestershire Growth Hub*** – further lead generation opps

Quality of People locally and shared passion and ambition for Worcestershire:

- Strong and growing core of individuals with appetite to invest in local businesses and 'put back' to local community/economy
- Opportunity to learn from others in region/UK – start on strong footing e.g. diverse and inclusive community

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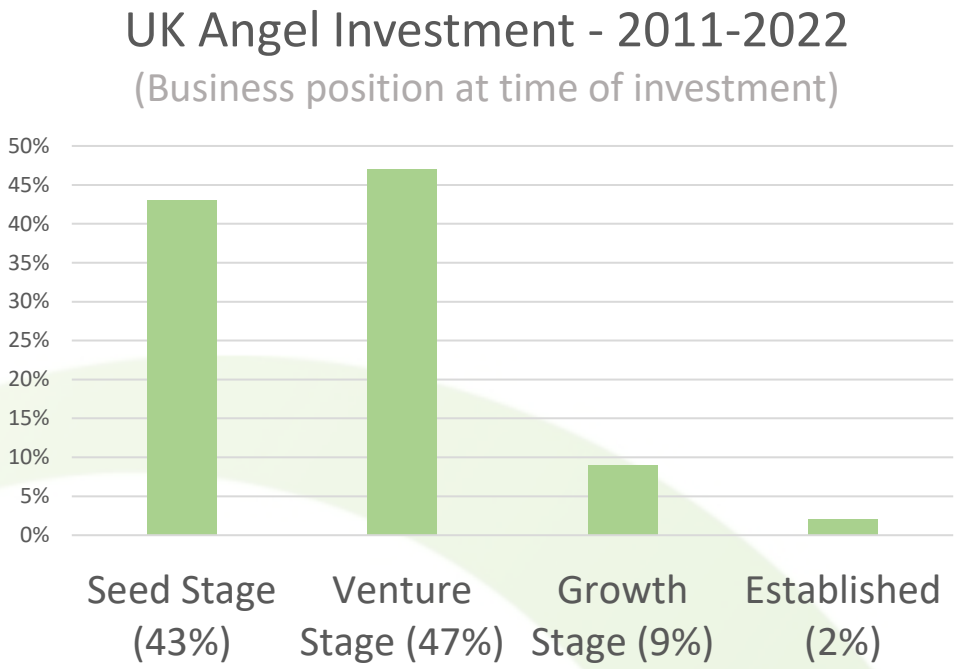
What does the data say?



*The adjacent chart demonstrates a strong preference by angel networks for investing in early-stage businesses with considerable growth potential.

*data based on 2,398 fundraisings of UK businesses involved in angel networks.
Source: Beauhurst.

- According to the **British Business Bank**, angel-backed companies are more likely to achieve high growth than those without angel investment.
- Worcestershire has the third highest proportion of innovation active businesses (**50.7%**).
- Worcestershire has the highest proportion of businesses that are Product Innovators (**35.3%**) and the highest proportion that are performing internal R&D (**28.8%**) of all LEP areas.
- Research by the **UK Business Angels Association** suggests that for every £1 invested by angels, an additional £8 is leveraged from other sources.
- A study by the **Angel Capital Association** in the US found that angel investments generated a 21x return on investment over a 20-year period.

How could Worcestershire benefit…

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Establishing this network will address the challenge of lack of access to early-stage funding by bringing together a group of accredited investors, willing to provide advice and guidance and most importantly capital to high potential early-stage businesses. This will stimulate economic growth, job creation, and innovation.

Job Creation and Economic GrowthData:

- Research from the UK Business Angels Association (**UKBAA**) shows that angel-backed businesses generate an average of **15** jobs per business within the first five years.

Increased Business Survival Rates

- According to survey from the National Endowment for Science, Technology and the Arts (**NESTA)** Innovation report, businesses that receive angel investment have a **20-25%** higher survival rate than those without.

Enhancing Innovation and High-Growth Ventures

- Reports from the **British Business Bank**, UKBAA and Nesta all show that angel investment often supports sectors with high growth potential—like tech, healthcare, and advanced manufacturing—where job growth averages **25-30%** annually. (REF001)

Retention of Local Talent

- Surveys such as the '**EY European Attractiveness Survey**' shows that regions with stronger investment ecosystems retain **15%** more local graduates and skilled professionals. (REF002)

Angel investment ranges in WM…

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Minerva Business Angels

- Based in Warwick University. Minerva's focus is on high-growth tech companies with a not-for-profit motive.
- Facilitated over **£40 million** in investments across more than **100** companies since its inception in 2010.
- **Minerva's investments generally ranges from smaller sums typical of early-stage angel funding to more substantial amounts** as they support startups through different growth stages.
- In 2020 alone, they raised **£1.4 million** to back startup and scale-up businesses.
- Minerva is known for supporting diverse sectors, including technology and healthcare, and has a strong regional impact

LBBW Venture Capital

- The venture capital arm of the Landesbank Baden-Württemberg bank. They invest in technology companies across the Midlands in the UK.
- While not strictly an angel group, they often co-invest alongside angel investors.
- T**ypically invests in later-stage rounds, with a focus on growth-stage companies in technology and innovation sectors.**
- Financial involvement often involves larger sums, generally hundreds of thousands to millions of pounds, in companies across Europe, supporting sectors like IT, life sciences, and clean technology.

Henley Business Angels (HBA)

- Based out of Henley Business School, **HBA focuses on supporting early-stage ventures.**
- HBA members have collectively **invested over £4 million in various startups**, typically range **£25k to £200k per deal.**
- Generally support companies seeking between **£50k** and **£500k** with a focus on high-potential businesses across sectors, including technology, fintech, and healthcare.

Angel Networks elsewhere in UK…

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It is estimated that there are well over **100** Angel Investor Networks in the UK.

Here are 10 of the most prominent:

CAMBRIDGE ANGELS

ANGEL ACADEME

OXFORD INNOVATION FINANCE

Newable

ACF Investors

craigiecapital

SFC Capital

Investing Today in the Innovations of Tomorrow.

CAMBRIDGE® CAPITAL GROUP

CORAL REEF

24HAYMARKET

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How do we do this for Worcestershire?

How…

External capacity and capability:

- WLEP have had ***discussions with British Business Bank (BBB) about support*** with establishing a local angel investment network
- In September, the BBB provided WLEP with a ***heads of terms proposal*** linked to some funding to support feasibility study
- Involves ***match funding and provision to an affiliated partner*** with track record in setting up networks
- Couple of conditions to note
  - Broader geography – so Worcs and Herefordshire
  - Focus on EDI impact – agreeable but gentle push-back on county demographics so needs to be realistic/representative
- Company are called ***Lifted Ventures*** – part of BBB's trusted network
  - Have facilitated over £450m of funding and helped over 500 entrepreneurs and is the most active Innovate UK investor partner outside of London

Worcs Angel Network – feasibility project now contracted

- Project inception meeting took place on 18 October 2024 and was a positive session setting out proposed approach , timescale and milestones
- The scope of this contract is around stakeholder engagement sessions and to develop a Network Evolution Strategy which will pick up some of the key fundamentals including legal structure / entity, sector and industry focus etc.

STAGES 1 & 2 STAKEHOLDER ENGAGEMENT & EVOLUTION STRATEGY

1. External and Internal Stakeholder Engagement Sessions (In Person) 1/2 day delivery sessions (up to x3)

2. Angel Network Evolution Strategy
   - Legal Structure/Entity
   - FCA Compliance
   - Sector & Industry Focus
   - Eligability Framework
   - Sustainability Framework
   - Scope, Performance and Value Creation Strategy for wider board approval
   - Ambassador Engagement
   - Partnership and Co-Investor strategy & Framework
   - Operational Set Up Framework
   - Implementation & Growth Framework

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Lifted.

LIFTED VENTURES
ELEVATING FEMALE FOUNDERS

Outcomes & Costs by stage

1&2

- External and Internal Stakeholder Engagement
- Inclusive Angel Network Evolution Strategy

Cost: £9,000 plus VAT

3

- Organisation ready for operatonal launch.
- Brand development and Positioning
- Integrated comms plan
- Deal Flow Established
- Evaluation process agreed
- Team Recruited and Onboarded

Cost: £20,000 plus VAT

4

- Operational rigor set up to enable growth and scale
- Commercial Sustainability Model Development
- Refinement of strategy and process based on data for stage 3.
- Continued Mentoring and Advisory

Ccst £21,000 plus VAT

Why Herefordshire…

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Synergies and Opportunities:

Scale

- Support critical mass of deal pipeline across adjacent rural geographies/economies
- Businesses aren't constrained by administrative boundaries
- Increase size of opportunity across both geographies – by engagement with increased no. of HNW's
- Existing service delivery models cover this geographic footprint e.g. Chamber of Commerce, NHS

Sectors / Clusters

- Alignment with National Government Industrial Strategy sectors…
- Sectoral strengths in Agri, Food & Drink, and Cyber/IT/Defence
- Diverse rural economies – high micro business base

Business Support

- Augments local business support offer across the geographies

Inward Investment

- Inward investment tool to attract businesses to set-up and grow here

Timeline and Next Steps…

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Key Milestones:

- ***7 November 2024*** – Project team met with an affiliated legal firm to discuss the key issues around governance, FCA compliance, legal structures to better understand the options (RW Blears)
- ***18 November 2024*** – Further session with RW Blears
- ***November 2024*** – Placeholder 'save the date' invitations to be issued
- ***January/February 2025*** – Stakeholder workshops (x2/3) to be planned across Worcestershire / Herefordshire geographies to set out ambition and act as information gathering to help inform strategic direction and identify opportunities
- ***February/March 2025*** – Recommendations report on network evolution strategy presented to Worcs/Hfds

Links to wider Angel investment activity:

- In October, WLEP attended a roundtable discussion at EagleLabs in Birmingham – the event was attended by various Angel investors, founders and angel network operators
- The output from the discussion will feed into an upcoming report and policy recommendations, which will contribute to the Government-backed Invest in Women Taskforce
- The session covered:
  - Regional challenges in angel investing / the impact of angel syndicates, groups, and co-investment funds in supporting female entrepreneurs and investors across different regions / strategies to increase women's participation in angel investing through improved support programmes, education, and policy changes / bridging the gap between entrepreneurs and investors
- The report will launch on 17 December 20204 (0830-1030) in House of Lords

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Worcestershire Innovation ‘round-up’

Talent Development Capability…

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TD1 – Cultivate an intrapreneurial ecosystem across our Worcestershire business community

TD2 – Fostering entrepreneurship and an innovation mindset across our educational establishments

TD3 – Enhance digital skills / productivity within Worcestershire's workforce

(TD3) Midlands Cyber submission:

- In October, Midlands Cyber submitted a bid into a national funding competition (Innovate UK and DSIT) designed to develop impactful regional activities and events that focus on supporting the growth of the cyber security sector and the development of cyber security skills – to tackle geographical disparities in the development and growth of the cyber security sector and to reduce the skills gap in the sector
- Grants of £25k to £150k for projects to last 1-3 months (starting after 1 Jan 2025 and end by 31 March 2025)
- Our Midlands Cyber project is designed to enhance the cyber security resilience of small and medium-sized enterprises (SMEs) in the West Midlands through a series of comprehensive and tailored workshops
- Bid submitted for £98k – note this is for Midlands-wide geography and not solely Worcs

- On 8 November - notified our bid was unsuccessful

Funding Capability…

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FC4 – Increase access to innovation grant funding

FC5 – Establish an Angel Investment network in Worcestershire to raise £ for early-stage tech businesses

FC6 – To create a Regional Innovation Fund

(FC5) Worcestershire Angels progress:

- Initial exploratory meetings to identify Worcs-based HNW cohort completed – working with local Business & Professional Services
- An initial 'engaged cohort' of circa 25 HNWs now identified
- Funding secured from British Business Bank and Herefordshire Council
- Contracted with Lifted Ventures, delivery partner for Phase 1 of feasibility study
- FCA compliance workshops took place on 7 and 18 November with project team and RW Blears
- Plans to hold stakeholder workshops in New Year
- Recommendations and next steps report expected for Feb/March 2025

(FC4) Innovate UK relationship:

- WIB chair and exec team have scheduled discussions with Innovate UK to raise awareness of our emerging plans and explore how we can work together and leverage resources

Enablers…

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E7 – Secure a sustainable operating model for BetaDen Technology Accelerator programme

E8 – Facilitate cross-sector collaboration between private and education sectors

E9 – Better leverage public sector assets to enhance innovation ecosystem county-wide

(E7) BetaDen Accelerate:

- Cohort 8.0 Showcase scheduled for the 6th of February 2025, aiming to attract larger audience and further commercial partners and exhibitors to support the event
- Worcestershire version of 'Tech Fest' style event currently in development for late January/Early February 2025 to tie in with BetaDen Showcase (collaboration between BetaDen, Midlands Cyber, WGH, WCC, Innovation Worcestershire)

(E7) BetaDen Incubate:

- Intakes 1.0 and 2.0 (of 4 in 2024/25)
- Intake 3.0 successfully onboarded 12th of November 2024 at The Kiln
- Intake 4.0 (funded) to commence in January 2025
- Currently in talks with potential funding partners for 2025/2026 to deliver future intakes

Enablers…

(E8) Malvern Festival of Innovation 2024:

- Launch event took place on 3 October
- 2024 iteration piloted a new ‘virtual dimension’ – collaboration between local Worcs businesses using digital twin platform
- Stand has received a total of 120 visits so far
- BetaDen are looking to integrate the platform with their tech fest events early next year and with the Cohort 8.0 showcase. They will be using the platform to live stream these individual events and the showcase itself. This will increase traffic and awareness for the platform
- Success will be measured via traffic and number of new businesses adopting the platform
- The plan is to grow the current platform in terms of user businesses adopting the digital twin. The use case will need to be proven for Malvern in order to capture interest of other districts
- Scaling to be worked out with Roland Renshaw (DMA Europa) on how the platform could be scaled and where it's strengths can best be utilised. He definitely plans to expand this on a wider scale

What next?

Gather use case data and offer to more businesses. Use the platform in some capacity during Worcestershire Tech Fest for live streaming or media viewing

Enablers…

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(E8) Chamber QES:

- Chamber of Commerce's Q3 QES focused on Innovation – 350 business responses to the survey were registered
- Report was published on 25 October - Q3 2024 Report
- Findings reveal both positive trends and areas of concern
- Perhaps unsurprisingly, lack of funding was the top barrier to innovation; availability of skilled personnel and regulatory constraints round out the top three
- Interestingly angel investment was not in the top three in terms of 'type of innovation support businesses want help accessing' – these were UKRI funding grants, business peer networks & leadership, and innovation hubs/environments – however that may be due to profile of businesses responding

Chamber QES Innovation Responses

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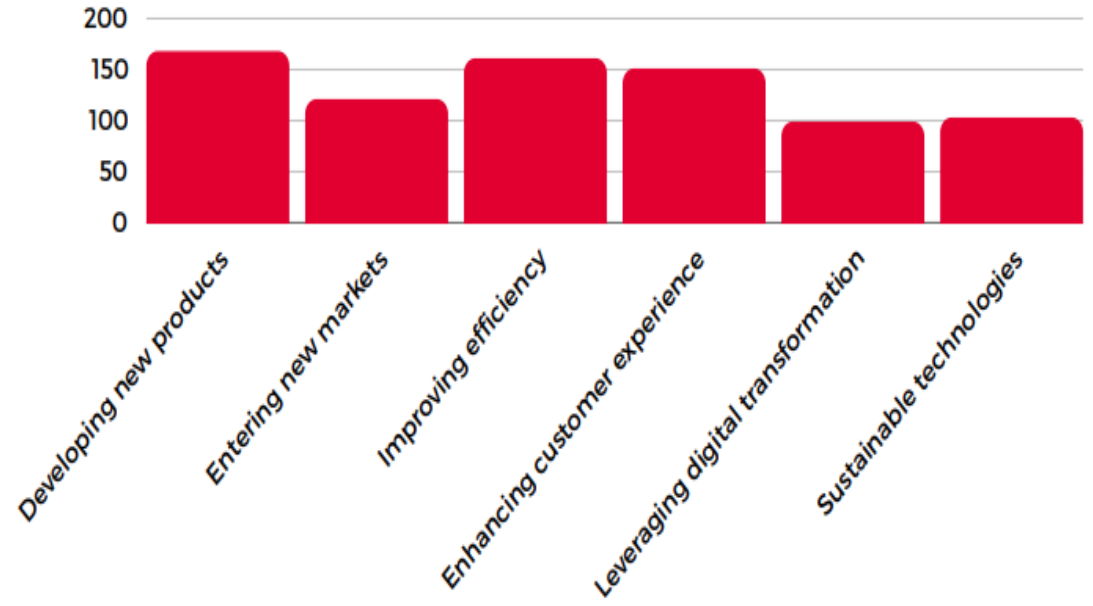
QUESTION 16

What are the barriers for innovation?

QUESTION 17

Where do businesses see opportunities for innovation?



Chamber QES Innovation Responses

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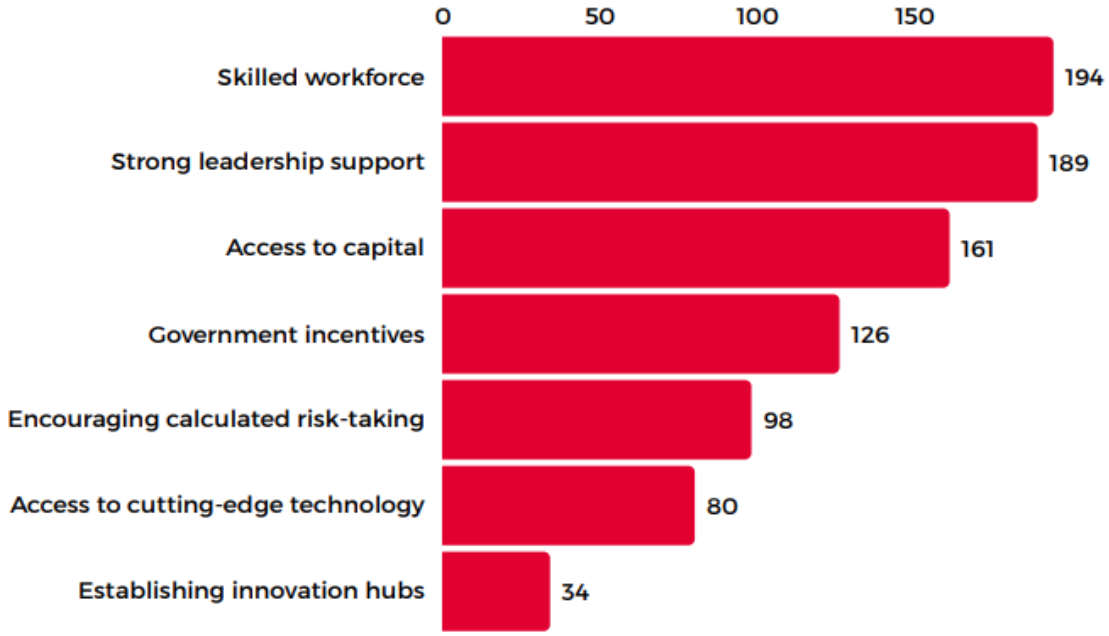
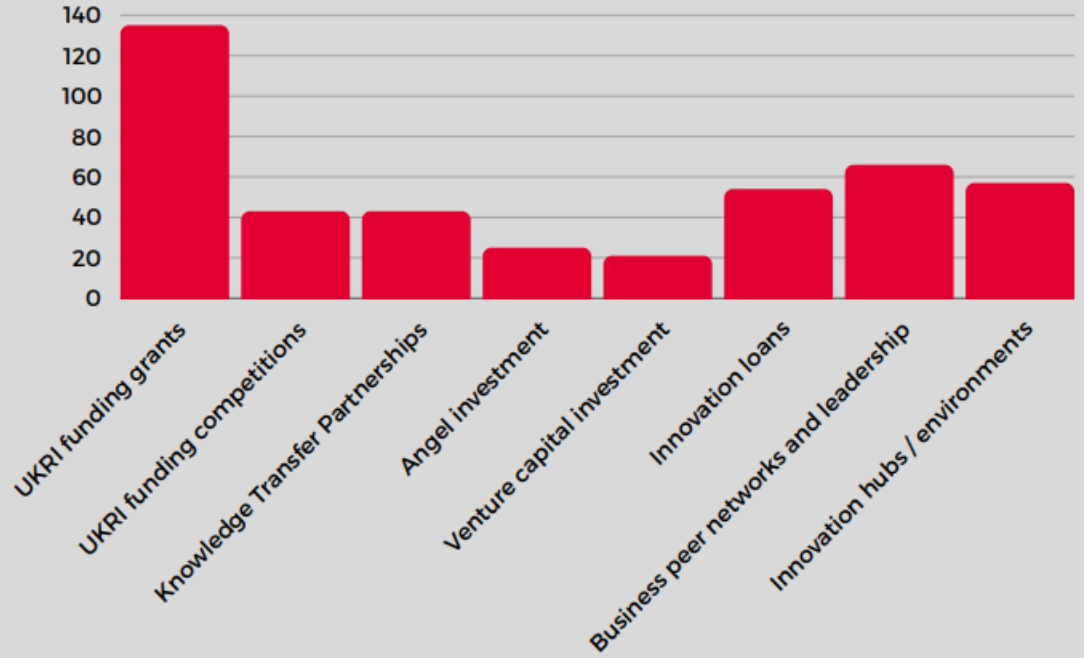
QUESTION 18

What are the enablers required to encourage increased innovation and adoption of new technologies, services, and processes?



QUESTION 19

What types of innovation support would you want help in accessing?



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Worcestershire 2040 Vision:

"A **connected, creative, dynamic economy** for all."

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