

## 6. BETADEN: Review and Sustainability Plan – JULY 2021

**WLEP Board is asked to:**

- a) **Note** the progress for BetaDen post pilot phase and KPI's (2018-2021)
- b) **Note** the progress on licensing BetaDen TradeMark to MHSP to support future collaborative innovation development opportunities
- c) **Approve** the updated funding profile supported by Management Accounts prepared by WCC on behalf of BetaDen and associated risk beyond 2023
- d) **For discussion and recommendation** - The Board to note the outline assessment of potential partners, contribute to, and agree prioritisation for further progress.

### 6.1 Headlines on Progress Since May 2021

- 6.1.1 MHSP Board have agreed to become a licensee of the BetaDen trademark and act as the legal entity in support of BetaDen's 2025 vision to move towards sustainability with a public/private commercial model. MHSP will act as the receiving body for commercial revenue secured for this next phase 2021-2023 (License Period 2 Years)
- 6.1.2 WLEP through the BetaDen Advisory Board agreed to register the brand "BetaDen" as a trademark to support the progress towards a future sustainable model.
- 6.1.3 With the support of Worcestershire County Council, the Management Accounts are attached (Appendix 1) to present the true cost of operation of the BetaDen model and available operational funding using ERDF and WLEP Growing Places Fund (GPF) allocations. This shows committed existing funding until June 2023. This includes revenue targets permissible under ERDF funding compliance for FY 2021/22, a revenue target of £90K.
- 6.1.4 The BetaDen Business Plan agreed by WLEP Board outlines the following financial "income/revenue" targets year on year as follows:
  - 2020/21 - £45K – Achieved £20K with Steatite Ltd as Industry Expertise Partner
  - 2021/22 - £90K + Cfwd £25 Target £115K
  - 2022/23 - £131K
  - 2023/24 - £175K

## 6.2 Quantitative Metrics on Return on Investment (ROI) to date

### 6.2.1 BetaDen KPI Highlights

6.2.1.1 Since the start of BetaDen (and including the current cohort) **23 companies have applied** for a Proof of Concept grant. **100% of the applicants have been successful** in being awarded the grants and we have **awarded £240,140** to date, and we still have the majority of cohort 4 to submit applications so this figure will still be growing.

6.2.1.2 We work very closely with the cohort members with their application, from the initial expression of interest to the final application form that goes to the board for approval, which is reflected in the 100% pass rate.

6.2.1.3 The grants have been used in a wide range of projects and majority get a minimum of one new product to market as well as new products to their parent companies. So far we have seen **10 new to market** products and **15 new to firm**, with an **additional 15 still expected**. This is not including the projects from cohort 4. We also monitor the new jobs brought to the county through the projects and this has seen **13 new jobs created** so far with more to be expected before the individual projects close over the next 3-5 years.

6.2.1.4 We are still working closely with previous cohorts and with the on-going challenges the pandemic poses, extensions and flexibility has been key for the projects to succeed. More closure meetings will be taking place in the coming months and it's great to touch base with them to see how the project has evolved.

### 6.2.2 Key Takeaways for BetaDen with Proof of Concept Impact

- **23 businesses applied for POC Grants**
- **100% approved and awarded**
- **£240K + awarded so far**
- **10 new to market products created**
- **15 new to firm**
- **An additional 15 new to firm products still predicted**
- **20 jobs created**
- **20 additional jobs estimated to be created by end of financial year**

### 6.3 MHSP- BetaDen Development Update

Table 1: Key Details and Timescales with MHSP

	Structure	Funding	Governance
2020	Project within WLEP	Via WCC/WLEP (Growing Places + ERDF POC)	BetaDen Advisory Board and WLEP
2021	WLEP License BetaDen Trademark to MHSP	Maintain WLEP funding(staff costs) GPF + ERDF	BetaDen Advisory Board, MHSP Board with BetaDen representative
2022+(Post ERDF)	Structure needs to support investment	Private investment can be received directly into Ltd Co or partner organisation	Formal legal governance to be defined
Future Options 2023	To be defined	To be defined	To be defined

### 6.4 Financial Report July 2021 (Appendix 1 – Management Accounts )

6.4.1 The estimated amount of public-sector funding has not changed since the last report (May 2021) and reflects the continued reprofiling of the budget. The position now reflects the latest ERDF eligible funded expenditure (£500k), match funding, paid via the Growing Places Fund (£500k) and specific employee funding paid via dedicated WLEP Core funding.

6.4.2 In 2021/22, Betaden will join forces with MHSP to maximise opportunities available to both partners. The latest financial report assumes that there will be a future (2021/22 onwards) quasi-contribution from MHSP that offsets the rent and associated costs of BetaDen. It also anticipates that BetaDen will generate modest amounts of private sector funding over the next 3 years, estimated at £20k, £115k and £150k respectively. There has already been an investment of £20k received in 2020/21.

6.4.3 The BetaDen budget is constantly evolving and the changes reflect the latest known position and funding streams. The highlights to bring to the attention of the Board are:

- The commercial income received and target of £285k is transferred to a notional 'reserve account' within MHSP to be utilised to satisfy any investment conditions, with any balance made available to WLEP/BetaDen after the ERDF programme.
- The Growing Places Fund stage one will run out in financial year 2023/24.
- Significant year on year investment will be required to cover the anticipated £0.5m operating costs from 2024.
- The WLEP core budget continues to contribute for staffing and staff associated WLEP overheads. In 2021/22 this is forecast to be £233k, including a redundancy provision, which is factored into the current BetaDen accounts for this financial year of the programme.
- Based on the actual results to date, it is likely that there will be a saving on the budgeted costs, which will extend the 'life' of the Growing Places Funding by a further few months. This is continually reprofiled as required.

- The financial projections show that 2023/24 will be the critical transition year for BetaDen, when the existing ERDF and WLEP Growing Places funding streams will cease. From 2023/24 BetaDen will be sourcing its financing from commercial income streams and new public sector opportunities.
- The future income requirements are based on BetaDen running a minimum of 2 cohort groups per year, based on the current cohort support activities and the associated operating costs. The budgets are and will continue to fluctuate as the business commercial strategy and plans are developed and tailored for economic conditions.
- The future financial plan includes the resource requirement to support the model and is a necessary inclusion to achieve the ambitions of the BetaDen business plan and to build on the continued success and achievements of BetaDen to date

## 6.5 Progress on Sustainable Model Under Development

6.5.1 BetaDen is pursuing several options for future partnership models and working towards the target of a 50/50 Public / Private funded sustainable commercial model to support development of the wider Worcestershire technology economy.

6.5.2 Progress has been impacted by COVID-19 conditions and compliance to ERDF terms. However, the timescale of original funding ceasing in June 2023 is driving the need for workable next stage options to be identified and acted on. The table below outlines an initial assessment of the advantages and challenges of each partner.

Partner	Advantages	Challenges
MHSP	Strategic Alignment Currently on site Mutually beneficial (property vs ecosystem)	Lack of pace Unresponsive to progressing the agenda Low engagement despite several attempts to move agenda forward
NexGWorks	Technology sharing Offering Test & Evaluation Services for evidence building Mutual ecosystem building	Early stage of commerciality Similar challenges around investment and viability Need to understand how these early stage assets work together
West Midlands 5G	Visibility to larger networks Access to larger government programmes & industry catapults BetaDen adds credibility to WM5G network and success	Early stage of commerciality and funding deadline of March 2022 BetaDen/Worcestershire offer becomes subsumed into regional agenda
Regional University Partnerships	Academic skills and KTN links	Funding model uncertainty

	Applied research in industry specific fields	Protecting BetaDen's unique identity & commercial tech focus
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6.5.3 BetaDen would like the WLEP Board to consider the strategic partner options in order to broaden the opportunity and create a network that offers a dynamic two-way relationship to reduce risks of relying on public sector funding and attracts substantial funding opportunities for success.

6.5.4 With limited resource BetaDen would like the board to recommend which partner discussions should be prioritised – particularly to note the amount of time and effort already spent in dialogue with MHSP CEO/Board with little progress.

**6.6 BetaDen North – UK Community Renewal Funding – Update**

6.6.1 Government has announced a pilot for the UK Shared Prosperity Fund called the UK Community Renewal Fund (CRF). In the context of Worcestershire, this is a £3m fund focused on priority delivery in the Wyre Forest district. Any successful funding award from the CRF must be fully spent in 2021/2022, making delivery a real challenge.

6.6.2 BetaDen awaits confirmation of a decision on its CRF application submitted in April. If successful, this would facilitate the opportunity of working in partnership with Wyre Forest District Council to create and launch the BetaDen North – Clean Technologies Workshops and Bootcamp project.

6.6.3 The bid total was £510K against a delivery timeframe of September 2021 – completing March 2022.

**Linda Smith – BetaDen Founder & CEO  
July 2021**