



Final Paper for 16 June 2022 External Investment Panel

Project Name & Number	LCR Tech Accelerator	Number	3003	
Applicant	Baltic Creative CIC (lead for consortium including We are Form Ltd, Brabners LLP and tech angel investors)			
Nature of Applicant	Private sector consortium			
Sector and Location	Business Ecosystem	LCR Wide		
Total Project Costs	£4.898m			
Indicative Funding Sought	Capital	£0	Revenue	£4.1m
Indicative Funding Type	Grant	£4.1m	Loan	£0
Indicative Funding Source	SIF Gainshare and/or UK Shared Prosperity Fund			
Call or Commission	Commission	LCR Economic Recovery Plan Project		

SIF Investment Team Lead	Ben Heywood			
Investment Team Members	Francis Wight, Jonathon Clark (Consultant)			
Deal Team Members	Legal	Raza Abbasi	Policy	Adrian Nolan, Matt Wicks
	Finance	Paul Collins	PMO	Lesley Green

Project Summary: Outcomes from Investment Team's Diligence and Points for the Investment Panel's Consideration

Project Specifics	An ambitious accelerator programme, designed to stimulate the growth of the tech sector in Liverpool City Region through high intensity support, mentoring and seed funding. Intended to grow indigenous businesses and attract new businesses to the City Region		
Fit with LCR investment priorities	Excellent fit. Strong alignment with the Plan for Prosperity and Innovation Prospectus. Helps contribute to key target of investing 5% of GVA in R&D by 2030.		G
Inclusion of good growth characteristics	Potential to deliver good growth and integrate inclusivity throughout the Accelerator which has been a key consideration in the business case development.		G
Impacts	High potential impact as per independent economic assessment by Amion Consulting.		G
Financial performance	The cost of the project is reasonable given the duration and scale of work conducted. There are some medium-term questions		A



STRATEGIC INVESTMENT FUND

	regarding private sector contribution and long-term public-sector involvement beyond Y5.	
Deliverability	Strong project team and robust governance model.	G
Value for money	Good value for money (VFM 2.4:1) as reported by Amion Consulting.	G
Key risks to project and CA	<ul style="list-style-type: none"> - Recruitment – whether there is a sufficient pipeline of potential tech businesses that are suitable. - Funding model – will a sustainable model be developed after 5 years of operation. - Mentoring – will sufficient suitable mentors be found to support tech businesses through the Accelerator. 	
Points for Investment Panel to Consider	<ul style="list-style-type: none"> - Business model – what additional information would panel like to see to help ascertain the potential business models available post Y5? - ‘Good growth’ – does the panel require any further clarification of good growth targets? 	

Background

What is a tech accelerator?

A “Tech Accelerator” is typically an intensive programme for tech start-ups that provides a supportive environment, hard to find expertise and connections and cash investment in return for equity, mainly at the Minimum Viable Product (MVP) stage, so they can enter markets and raise funding from early stage investors.

The most common length of an accelerator programme is 3 months; 33% of UK accelerator programmes are 12 or 13 weeks long, the conventional length of programmes such as Y-Combinator and Techstars. 77% of accelerators have a declared sector specialism. When broadly grouped into categories, the majority of these are focused on tech, with 48% defining themselves as tech accelerators.

Feasibility Study

In summer 2021 a feasibility study was conducted to assess the need, demand and opportunity for a Tech Accelerator in the Liverpool City Region.

As this is a commissioned Recovery Plan project, the feasibility study was funded by SIF pre-development and overseen by a steering group with representatives from the CA and a consortium of entrepreneurs and business leaders from the city region. It included consultation with over 50 project stakeholders from across LCR, the UK and Europe including tech founders, corporates, investors, ecosystem partners and advocates.

The study concluded that *“there is both great enthusiasm and support from within the city region for a tech accelerator, and that there is a need and exciting opportunity that a tech accelerator could answer”*.

A functioning tech ecosystem

The study identified the following key elements of a functioning tech ecosystem:

- Strong peer-support networks around start-ups.
- A strong sense of confidence and identity; start-ups believe that they can be successful in the ecosystem.
- A well-known place where ecosystem participants can meet, attend talks, share ideas, be efficiently introduced to prospective companies and future employees and feel part of a thriving community.
- A place where investors can access multiple businesses easily. This is especially important for ecosystems outside of London. Having a single meeting point where investors can assess several interesting candidates in one visit is helpful.

Tech ecosystems with these characteristics will support the conception and growth of tech start-ups. Whilst at each stage of growth, companies will fall away, there are a healthy number that successfully scale and reach maturity.

LCR Tech Ecosystem

In recent years a variety of support has emerged to support growing businesses in the Liverpool City Region through the Growth Platform and the Combined Authority.

Gather – Focused on support for leaders of ambitious scale ups in the city region. Cohort based learning to support the development of founder networks.

Peer Networks – For SME leaders who want to stabilise, grow and develop their organisation with the support of like-minded entrepreneurs. Diverse cohort groups work through common business issues.

Future Innovation Fund – Has provided grants (£25-75k) for innovative businesses developing projects aligned with LCRCA priorities – e.g., tech for good, digitalisation.

LCR Finance Hub – Single access point for SMEs seeking external funding, helping with business plan appraisals, financial forecasting, introductions etc.

Port City Innovation Hub – Innovation support for SMEs in the maritime industry from partners including Wirral Chamber of Commerce, Rainmaking and the University of Liverpool.

Other programmes and support – including the Growth Platform, InnovateHer and Agent Academy.

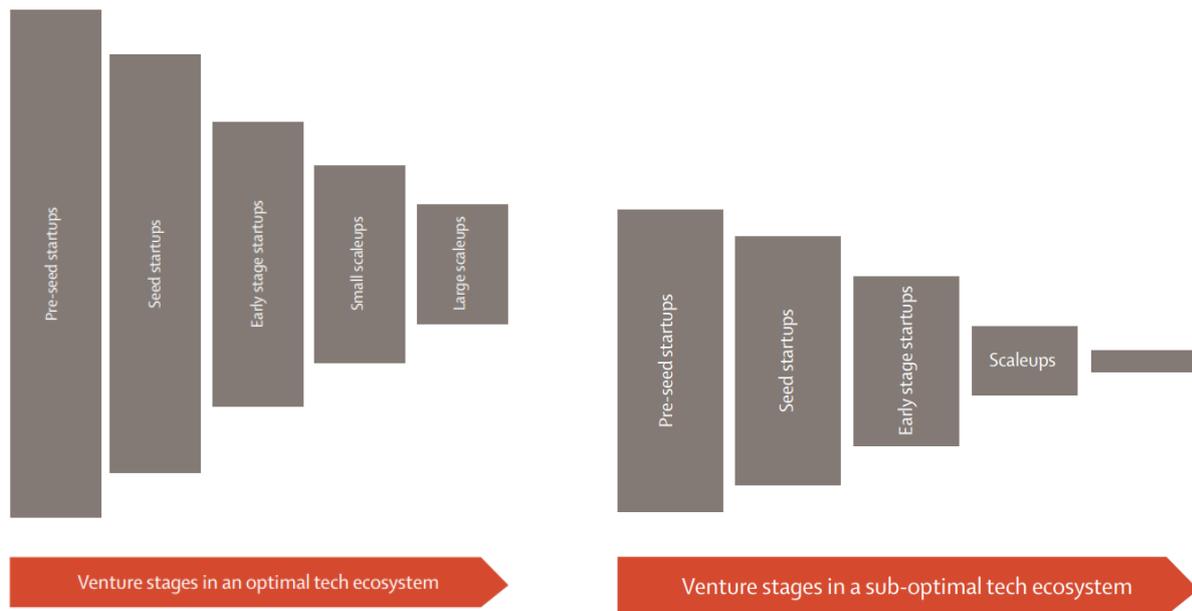
The Problem

These initiatives have provided some valuable support for tech businesses in the region, but there remains a lack of specific support for tech start-ups in the region.

The feasibility report identified that the Liverpool City Region's tech ecosystem displayed the following characteristics and market failures:

- Disparate start-ups from different tech sub-sectors, spread across the region with little connectivity
- Information asymmetries; founders are going to investors with little information available of what investors expect etc. and so are ill prepared
- No, or low, visible deal flow for investors
- Lack of, or sub-scale, investor networks
- Lack of specialised support and expert mentor networks
- Lack of pathways between start-ups and corporates / market opportunities, including into the public sector
- Lack of developer talent for scaling companies

As a sub-optimal “tech ecosystem”, relatively few Liverpool City Region start-ups make it to become large scale ups, with a higher proportion of start-ups falling away at each stage of growth than in an “optimal” functioning ecosystem. The diagrams below outlines how the current ecosystem is functioning in comparison with the ‘optimal’ tech ecosystem outlined previously.



LCR lacks the specific focused growth and investment support that an accelerator would provide for early stage high growth tech businesses, as well as focused initiatives that build deal flow in the city region to attract the interest of angel and VC investors.

In addition, there is currently no support signposted in the Liverpool City Region to assist start-ups and talent wishing to move to the region from outside the UK to help them obtain visas. A tech accelerator would complement the current offerings in the city region.

Through the development of a pipeline of high growth tech businesses, these businesses will benefit from other support on offer as they grow and scale and become established in the region. It is recognised that there is a market failure in the Liverpool City region as it has an under-developed tech ecosystem and is currently not well positioned to maximise the benefits of an optimal tech ecosystem such as attracting investors and high-productivity job growth.

The Project

LCR Tech Accelerator aims to address these market failures by:

- Developing a strong pipeline of quality deal flow for investors
- Attracting national and global tech start-ups to the LCR to create local job opportunities
- Connecting start-ups to market opportunities
- Developing connections to high quality networks of entrepreneurs, talent, mentors and investors
- Attracting national and international mentors and investors to engage in the City Region

An outcome of these objectives is to create a cohort of scale-up businesses and enhance the resilience of the business demographic in the City Region. Currently, the LCR has very few large “prime” corporates (e.g., JLR) and many micro/small businesses but is deficient in the “mittlestand”.

Preferred Option

For the past 18 months the Project’s Consortium & Steering Group, including Combined Authority staff members, have been meeting to develop this project. Through workshops, analysis, stakeholder engagement + consultation with the LCRCA legal and business ecosystem investment

teams, economic consultants at Amion and subsidy control experts at DWF, a preferred option for this project has been identified.

Under this option a “NewCo” would be incorporated as a company limited by guarantee with the Directors & Members selected from the Consortium & Steering Group.

Programme Structure

The project proposes to:

- Deliver 5 x cohort accelerator programmes in the LCR over a 5-year period.
- Support 7-12 companies in each cohort.
- Focus support on early stage companies with ambitious founders and high growth potential.
- Provide companies with cash equity investment and support.

It aims to create scaleups in LCR that become globally recognised names in tech, enabling rapid growth through:

- **Finance** – Supporting ventures to develop an ideal funding strategy, developing compelling investor pitches, and facilitate introductions to investors. Collaborating with other finance initiatives such as LCR Angels, the LCR Seed Fund and Finance Hub to leverage additional introductions and funding.
- **Mentors, networks and knowledge** – Supporting founders to develop knowledge in key areas of business development through weekly expert-led masterclasses, and matching them with sector leading mentors to provide regular advice, support and introductions.
- **Customers and Markets** – Through partnerships and networks, the Accelerator aims to support participants with market opportunities, for example with large corporates such as the Very Group.

The offer to participating companies may include:

- £50k investment for 5-7% equity.
- 12 months office space at Baltic Creative
- Intensive tailored support programme + mentoring.
- A range of peer learning opportunities and partner introductions.

It is anticipated that the programme focus may change over time, depending on deal flow and investor interest.

The objectives for this project include to:

- Help innovation-led tech businesses, with the greatest potential, to advance faster with direct investment and support.
- Connect businesses to corporate market opportunities.
- Give locally founded start-ups a compelling reason to stay and grow in the City Region.
- Attract global start-ups to the LCR to create local job opportunities.
- Attract national and international mentors and investors to engage in the City Region.
- Provide growth pathways for start-ups led by underrepresented groups.
- Scaling of early stage businesses in the DCT sector, an industry known for its high level of productivity
- Establishment of an investment vehicle and model that brings together funding from public and private sector stakeholders to create long-term returns for reinvestment
- Design of recruitment strategies that consciously encourage applications from businesses who have the potential to create ‘good growth’ or are solving societal challenges

- Encouragement and facilitation of a “give-back” or “invest in local” culture for our successful entrepreneurs.

Previous Investment Panel Recommendations and Actions Undertaken

This FBC was presented to and approved by the Internal Investment Panel on the 26th May 2022. Feedback from the Panel was positive, and they approved the move forward to external panel subject to:

- Additional budget detail.
- Additional targets relating to Good Growth characteristics.
- Clarity re: SMART objectives and risk register.

Changes have been made to this document to reflect these suggestions.

Due Diligence

Fit with LCR Investment Priorities

There is a strong strategic fit between the proposal and LCR’s investment priorities. It demonstrates alignment between the proposed tech accelerator and the LCR CA strategic documents - Plan for Prosperity and Economic Recovery Plan. It also outlines how the project meets the objectives of the Team Liverpool City Plan.

The Plan for Prosperity identifies key focus areas to improve LCR’s performance across the pillars of our economy. LCR Tech Accelerator is well placed to support them, as outlined below.

Maximising the impact of innovation for people, places and business.

1. Develop an integrated approach to helping higher growth businesses innovate through high-intensity support, access to finance and networks.

LCR Tech Accelerator is very well aligned with this objective, as it specifically seeks to support high growth businesses to access the support, finance and networks outlined. The tech companies supported will be knowledge-intensive, meeting the CAs commitment to support these types of businesses to grow, and support economic productivity and innovation.

The Plan for Prosperity also notes the importance of supporting growth and innovation wherever opportunities arrive ‘particularly given the increasing convergence of digital technologies across the whole business base’, indicating the particular importance of supporting tech development.

- **Increase the provision of high intensity support.** The Plan for Prosperity commits the CA to taking lessons learnt from innovative support programmes, including Gather, and using business intelligence to support higher growth businesses. The project sponsor, Form, as the originators of the Gather programme, are in an excellent position to do this.
- **Strengthen the framework of our innovation finance ecosystem.** The Plan for Prosperity details the importance of providing capital and leveraging partnerships in driving access to finance and business growth. Again, LCR Tech Accelerator is very well aligned with this aim, seeking to provide funding and leverage further partnerships to provide essential finance for high growth potential businesses. The proposal notes that ‘the launch of an accelerator programme is associated with a significant increase in the number and value of investments made by VCs’

2. Drive forward an ‘innovation first’ culture that promotes the adoption and diffusion of innovation to drive productivity-boosting practices throughout the business base

Innovation is at the core of the work of the tech accelerator, and it is likely that many of the businesses the tech accelerator is working with will be developing new products/processes that will help the wider growth of the business ecosystem. The intensive support provided by this kind of accelerator will increase the number of businesses in the City Region in the high growth, high productivity tech sector. Ultimately, it will also help LCR to achieve its R&D investment ambitions, of 5% of the LCR GVA by 2030.

3. Deliver on our innovation project pipeline that reflects our distinctive strengths.

The Plan for Prosperity emphasises the importance of ‘leverag[ing] the value of our city region’s distinctive innovation assets...to provide compelling reasons to locate and invest here’, and the centrality of ‘demonstrating a strong existing and future pipeline of innovation activity’ to this. The Innovation Prospectus outlines the strength of this pipeline and identifies a tech accelerator as a future project for funding.

4. Generate opportunities for our innovation ecosystem to deliver locally relevant impact

An objective of the project is to promote ‘good business’ practices including ethical user design and B Corp principles. See ‘Good Growth’ section below.

5. Provide the enabling conditions for innovators to grow

The Plan for Prosperity denotes the Combined Authority’s commitment to the ongoing development of key knowledge clusters to ‘maximise agglomeration effects and knowledge spill-overs’. This project is designed specifically to do this, locating at Baltic Creative and leveraging existing sector strengths, building on the expertise of the largest existing digital cluster in the city region. Ensuring the benefits of this emerging cluster are felt across the city region will be crucial to the success of the project.

Turning people’s potential into prosperity

The Plan for Prosperity details the importance of ‘removing the multiple barriers to prosperity will provide the opportunity for all people to have a good quality of life and be able to use their potential to lead prosperous lives’.

This project could have a major impact in supporting LCR residents to develop future focused skills in the tech sector. Initially, this would come through the founders and leaders taking part in the tech accelerator, developing products and growing their understanding of how to develop their businesses. As these businesses grow, it also has great potential to create job opportunities at a range of levels of seniority in the sector, directly benefitting LCR residents. According to the proposal, creating this tech accelerator in LCR ‘attracts national and global tech start-ups to the LCR to create local job opportunities’.

National Government

The proposal also demonstrates alignment with the UK government’s Levelling Up agenda, specifically the objective to improve the productivity of places that are lagging behind. It cites research from ‘Hubs of Innovation’, which outlines the central role that local authorities play in catalysing business hubs and ecosystems. Given the growth and employment potential of the tech sector, there is a strong case linking investment in this type of accelerator with skills development and in turn productivity and the levelling up agenda.

Inclusion of Good Growth Characteristics

LCRCAs Social Value Policy and Framework outline the CAs commitment to ‘ensure that Social Value is a key factor in investment decisions’, and the SIF Investment Strategy outlines the importance of social and environmental considerations when assessing projects. The project sponsor has demonstrated their commitment to ‘Good Growth’ in the following ways.

- Application and screening criteria – using a business's ability to deliver ‘good growth’ as part of the screening criteria for applicants to the tech accelerator. For example:
 - Reviewing applications against the UN’s Sustainable Development Goals.
 - Excluding support for tobacco, gambling or defence propositions (as per the Future Innovation Fund).
- Programme delivery - The Accelerator can point to elements within its programs that support start-ups to shape their products and business to deliver ‘good growth’. They give a list of potential examples including - ‘masterclasses in B-Corps, establishing sound environmental policies, principles of responsible stakeholder capitalism, being a living wage employer, coding ethical and accessible products, ethical data practices, embedding DE&I into the businesses’ culture, ensuring businesses sign up to the Fair Employment Charter etc’.
- Environmental impact - The Accelerator will use tools such as the Tech Nation Tech Zero Toolkit and those provided by the UN’s SME Climate Hub to:
 - support participating businesses to measure their carbon emissions
 - support businesses in establishing net zero commitments and a roadmap as they scale
 - embed management of climate risk into the business’ governance and business model
 - explore the business’ product market fit within the context of climate change
- Internships - Facilitate internships for 25 local people and students into companies on the Accelerator
- Inclusion – The Accelerator is committed to ‘ensuring a diverse pipeline of accelerator applicants’, working with a range of local partners (including CA Race Equality Team, Nia Black Business Hub and the Women’s Org) to make sure minority and underserved groups are well represented and supported. At least 10% of founders they work with will be from ethnic minority backgrounds.

The commitment to inclusivity and the consideration of local social and environmental impact comes through strongly throughout the project sponsors business case. Following feedback from the Investment Team and Internal Panel, the Consortium have committed to specific Good Growth targets, as reflected above.

Impacts

The economic case for the project was developed by AMION Consulting in accordance with the 2020 Green Book.

A long list of alternative locations, scale and size, timing, delivery arrangements, and scope options have been considered against critical success factors (including strategic fit, potential VfM, and deliverability) through an appropriate Assessment Framework.

A shortlist of three possible approaches to delivery of the Tech Accelerator have been assessed in detail against the Do Nothing reference case as the basis for the preferred way forward:

- Option 1: Grant to a New Company Limited by Guarantee to undertake the Tech Accelerator
- Option 2: Tender for a provider to operate the Tech Accelerator
- Option 3: Commission a Single Local Provider to deliver the Tech Accelerator

The assessment also addresses a 3-year scheme compared with the proposed 5-year programme.

Appraisal summary table				
	Do Nothing	Option 1	Option 2	Option 3
Green Book BCR:				
[A] Benefits (NPV, £000)	0	10,797	9,564	9,679
[B] Public sector costs (NPV, £000)	0	4,086	3,921	3,921
BCR – LCR only (A/B)	0	2.64:1	2.44:1	2.47:1
NPPV (A-B)	0	6,711	5,642	5,758

The financial cost to the public sector of each ‘intervention’ option is £4.1m. Adjustments relative to each option have been made for inflation, discounting (at 3.5%), and ‘Optimism Bias’ (OB) to derive economic costs as a net present value.

Significant ‘Green Book’ economic benefits are expected to result from the Tech Accelerator from additions to labour supply, local people accessing jobs, productivity improvements and gains from R&D.

Net present values from the Tech Accelerator of £10.8m have been identified under Option 1 compared with £9.6m (Option 2) and £9.7m (Option 3).

The Tech Accelerator project is also expected to make an important contribution in local economic and social terms to the LCR, including:

- Additional Investment – including direct and indirect investment (accounting for the spillover benefits from the multiplier effect in the area). Investment benefits have been sense checked against BEIS evidence for accelerators.
- Employment - assumptions have been made for the growth of the SMEs supported in this way, based on BEIS evidence for accelerators, whilst survival rates have been applied in line with ONS statistics for businesses in the North West region.
- GVA - These calculations utilise Experian GVA per worker data for the LCR in 2022 for the professional services sector.

For all three indicators, the economic appraisal finds **significantly reduced benefits** for a 3-year programme vs the proposed 5-year programme.

Wider benefits identified for all three ‘do something’ options include; business formation, business growth, innovation, clustering and collaboration and innovation culture.

The assessment indicates that Option 1 provides the best value for money solution, with a Benefit-Cost Ratio (BCR) of 2.64:1, representing good value for money, and a strong Net Present Public Value (NPPV) of £6.7m

Financial Performance

Budget

The project outlines operating costs of £4.9m, as detailed below.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Accelerator Operating Costs (exc VAT)						
Employee, contract resource, Director & Chair costs inc NI & pension	£134,550	£122,850	£128,993	£135,442	£142,214	£664,049
Travel, subsistence & entertainment expenses	£5,000	£5,250	£5,513	£5,788	£6,078	£27,628
Office costs + meeting space	£30,000	£31,500	£33,075	£34,729	£36,465	£165,769
Furnishings & Office equipment	£25,000	£2,500	£2,500	£2,500	£2,500	£35,000
Back office service provider costs including book-keeping, accounting, software, insurance, bank, legal and professional fees	£25,000	£17,500	£18,375	£19,294	£20,258	£100,427
Branding, website, marketing, PR + Comms	£120,000	£120,000	£120,000	£100,000	£90,000	£550,000
Access activity + Community Engagement	£175,000	£175,000	£175,000	£175,000	£175,000	£875,000
Core programme delivery	£540,450	£489,400	£497,870	£484,264	£468,602	£2,480,585
Total Costs	£1,055,000	£964,000	£981,325	£957,016	£941,117	£4,898,458

These costs include:

- Employee costs (£664k) – the equivalent of 4 FTE, likely to be largely delivered via service contracts.
- Office Costs (£166k) – Rent/service charges for 1,500 sq. ft office space for the Accelerator in Baltic Creative CIC, including 12 months of office space for companies on the programme.
- Branding, website, marketing etc (£550k) – Includes all PR, marketing, branding, social and recruitment costs for the accelerator, and the development of digital programme management platforms.
- Access activity and community engagement (£875k) – Includes all pre-accelerator activity and community engagement around the core accelerator programme.
- Core programme delivery (£2.48m) – All delivery costs, including associated partner costs, service delivery, impact monitoring, ongoing cohort engagement etc.

Project Funding

The project is seeking £4.1m of LCRCA support over five years, as outlined below.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Revenue						
LCRCA Grant or Revenue Contract	£1,055,000	£945,000	£750,000	£700,000	£650,000	£4,100,000
Corporate Sponsorship + other funding sources	£0	£19,000	£186,325	£182,016	£191,117	£578,458
Contribution from private investors	£0	£0	£45,000	£75,000	£100,000	£220,000
Total Income	£1,055,000	£964,000	£981,325	£957,016	£941,117	£4,898,458

The model for the LCR Tech Accelerator has been developed with the intention of building a platform that attracts private investment by:

- Providing equity investment deal flow for angel and seed investors.
- Provide opportunities for corporate sponsorship and venturing.
- Cornerstone further development activity in the Baltic Triangle.

The model proposed uses public investment for the initial set up and operating costs in the early years of the Accelerator, with private investment leveraged to fund equity investments into the participating start-ups. Over time, as the Accelerator grows in reputation and therefore attractiveness, an increasing proportion of Accelerator costs would be provided by private investors (angels, corporates etc). Depending on the success of this transition, private funding could be the primary source of funds for the Accelerator beyond year 5.

Given that the total % of funding coming from private sources by Y5 is 31%, and the public sector is still providing 69%, a significant shift in the business model of the Accelerator would need to be achieved in order for private funding to become the primary source of funds. Alternatively, it is worth considering the appetite for continued public funding beyond Y5, given the clear benefits of this project continuing beyond that time period.

Deliverability

Governance

The proposed option entails setting up a new company, 'NewCo', to deliver the Tech Accelerator, provisionally titled 'Baltic Ventures Limited'. A board of directors would be appointed, acting as the legal Members of 'NewCo'. It is proposed that the following Consortium members be appointed initially:

- Carl Wong – Co-founder of LCR based Living Lens, exiting the business in 2020 after it was acquired by Medallia for \$26m. Carl has since invested as an angel into a number of high growth tech companies.
- Clemens Wangerin – CEO of LCR based vTime, industry expert in games, VR, social VR and mobile. Board member of Baltic Creative CIC.
- Mark Rathbone – Corporate lawyer and partner at Brabners, with a focus on innovation and entrepreneurship. Helped to found the LCR Angel Network, Chairs the PSS Care Charity and is a trustee of the Eleanor Rathbone Charitable Trust.

These Directors would then appoint a contract resource to mobilise the Accelerator.

It is proposed that Claire Lewis, who has worked with the Consortium for the past year and has been an integral part of building the business case, assume initial responsibility for the Accelerator for mobilising the NewCo. As part of this mobilisation phase, the recruitment process for a new CEO would be designed and implemented.

An Advisory Panel (made up of voluntary members from a diverse range of backgrounds/experiences) would be appointed to act as a project steering group.

Bios of the aforementioned team and further information about the proposed governance structure can be found in the full Business Case (pp23-33).

Given the prior involvement of all of the team above, it makes good sense to appoint the Directors and resource as proposed. However, given the commitment of the CA to diversity and inclusion, LCR Tech Accelerator should be encouraged to consider these factors when making future Director, Advisory Board, staff, or contractor appointments. In particular, the NewCo should seek to ensure women, people with disabilities, and black and minority ethnic people are well represented at all levels of the organisation.

Project Timeline

LCR Tech Accelerator is expected to launch in Q2/3 of 2023, with the first programme beginning in Q1 of 2024. A comprehensive project timeline can be found in the full Business Case (pp36-37).

SMART Objectives and Goals

The project outlines a series of objectives, closely aligned to those of the Combined Authority and City Region. The objectives as listed in the Business Case (pp39-45) are comprehensive. Following feedback from the Investment Team and Internal Panel, these objectives have been updated to increase the level of detail.

Value for Money

The economic assessment indicates that the chosen option, with a Benefit-Cost Ratio (BCR) of 2.64:1, represents good value for money, and a strong Net Present Public Value (NPPV) of £6.7m.

Further information can be found in the independent appraisal, provided by AMION Consulting.

Risks

The most significant risks to the project are as follows:

Risk	Score (likelihood x impact)	Mitigation
Unrealistic expectations – the Accelerator is poorly executed due to unrealistic expectations regarding launch MVP timelines or the complexity of an initial MVP.	6	The business case establishes a realistic and deliverable programme with realistic scope
Demand from applications – the Accelerator fails to attract sufficiently high-quality applicants to its programmes resulting in poor quality deal flow.	6	Initial soft marketing testing indicates strong demand for the proposed programme – and the Accelerator will invest in the promotion of its brand to ensure it is well regarded in the industry.
Disparate effects – the Accelerator programme cohorts are too disparate and networking effects are not experienced by the cohort	6	Provide clear criteria for companies applying to the Accelerator and ensure that the outcomes of the Accelerator programme are clearly stated so as to drive alignment and focus for the programme.
Inadequate mentors – with insufficient time to commit to working with founders, or poorly matched.	6	Provide a recruitment and onboarding process for mentors that screens their suitability, a process for matching suitable mentors to companies and a mentor programme that provides guidelines for mentors in their engagement with companies.

A full risk register is available to view in the economic appraisal. It provides a comprehensive overview of the risks facing the project, and a clear outline of how they will be mitigated. This section has been updated following feedback from the Investment Team and Internal Panel.

Summary of Considerations for the Investment Panel

The Investment Team recommends that grant funding of £4.1m is offered to the project given:

- Close strategic alignment with regional and national objectives.
- Close alignment and complementarity with other SIF funded projects, including LCR Angels, Seed Fund, Finance Hub.
- A clear understanding of the challenges facing tech start-ups and a plan to address them.
- A good BCR of 2.4:1.

The Investment Team recommends that this panel approve the project.

Appendix List

1. AMION Consulting Economic Appraisal
2. Applicant business plan - slides
3. Applicant full business case