

Foreword

It has been a privilege to be part of the team at the British Business Bank working in partnership with the 10 Local Enterprise Partnerships in the region, the European Regional Development Fund, the European Investment Bank and HM Government, who all pulled their weight when creating this revolutionary fund that will make a real difference to the Northern economy.

We have faced some tough challenges throughout, such as the UK's decision to leave the European Union in June 2016, but I am delighted to see that the Northern Powerhouse Investment Fund (NPIF) is up and running and the fund managers are on the ground seeking out ambitious businesses with huge growth potential.

I'd like to thank all of the project team at the British Business Bank who have kept their nerve throughout this challenging process, and helped deliver what will prove to be a hugely impactful fund. I would also like to express my gratitude to the NPIF Strategic Oversight Board, as well as those involved from across HM Government, as they played a major role in developing an agreed investment strategy.

Already, we are seeing NPIF's Fund Managers investing hundreds of thousands of pounds in the NPIF LEP areas supporting economic development. Having completed a number of investments in under three months, we will continue to work at pace to ensure that this money is invested quickly and

efficiently to high growth businesses across the North. It is our priority, working with the NPIF Fund Managers to improve the funding options available to smaller businesses in the Northern Powerhouse region.

**Grant Peggie, Director
at British Business Bank.**



NPIF successfully launches across the 10 LEP areas



In February, the £400m Northern Powerhouse Investment Fund officially opened for business at a launch event in Manchester.

We welcomed over 150 leaders from the Northern business community and provided insight into how this new source of economic development funding will help SMEs across their region.

The Manchester event saw a lively panel discussion from business leaders who spoke about the challenges and the opportunities that SMEs face across the North. Lou Cordwell (Magnetic North CEO) chaired the panel and was joined by Keith Morgan (British Business Bank CEO), Andrew Percy (former Northern Powerhouse Minister and Member of Parliament for Brigg and Goole), Roger Marsh OBE (Chair of the Leeds

City Region Enterprise Partnership), Mike Blackburn (Chair of the Greater Manchester Local Enterprise Partnership) and Cheryl Latham (Brighter World Energy CEO).

Building on the success of the launch, we hosted 10 other events in conjunction with the Local Enterprise Partnerships to ensure that our key stakeholders had the necessary tools to put the money to work in their regions. In total, we engaged almost 2,000 businesses, intermediaries and influencers across each LEP area. We are now in a much stronger position to help the region's businesses to scale-up and become an integral part of the government's Northern Powerhouse vision.



First round of investments for NPIF

The appetite from Northern businesses was phenomenal in the four weeks following the launch and our fund managers witnessed more than 500 enquiries from SMEs seeking finance. This enabled NPIF to get off to a flying start, investing a combined total of £240,000 into the following four businesses:



Blake UK

A £100,000 loan to Sheffield-based Blake UK, which has grown to become one of the largest manufacturers and suppliers in the TV/AV sector. The company employs 24 staff, with turnover of £2.2m in the year to March 2016. The loan was provided by NPIF - Enterprise Ventures Debt Finance to fund product development and invest in new equipment.

Vulcan Passive Fire Systems

£40,000 worth of funding to Leeds-based fire protection company Vulcan Passive Fire Systems from NPIF - BEF & FFE Microfinance. The company, which produces a range of fire protection products and systems, will use the funding to take on four staff and invest in new equipment.



Red Security Solutions

£100,000 worth of funding to Greater Manchester-based Red Security Solutions, a mobile CCTV solutions provider. The funding was provided by NPIF - BFS & MSIF Microfinance, along with an additional £100,000 from NatWest, to support the continued expansion of the business and create and safeguard 12 jobs.

AEV

Investment in Birkenhead-based AEV Ltd, a manufacturer of varnishes, resins, compounds and insulating products for the electrical and electronic sectors. The funding, provided by NPIF - FW Capital Debt Finance, will help to create 13 new jobs in an area of low employment in Merseyside, bringing the total headcount to 36.

We have continued to make strong progress across all LEP areas and the funding is already starting to have a positive impact on businesses in the region



Deal in Focus: ENEX Group

The £250,000 worth of debt funding to engineering firm ENEX Group marked our first investment in the Tees Valley region since the launch.

The Teesside-based company designs, manufactures and supplies mechanical safety interlocks and process safety systems to the oil and gas industry. It has recently completed the development of a 'Patent Pending' ENEX i-LOCK product range with leading-edge safety features, providing a greater level of safety and reliability than other available mechanical interlocks.

The deal, completed by NPIF - FW Capital Debt Finance, will help the company formally launch this new product to the market and expand in the North East. ENEX is also in the process of carrying out further developments on a series of other safety products to help clients overcome plant operational restrictions.

The business is led by managing director Wayne Hodgson and employs five staff with further plans to create 16 new jobs in the Middlesbrough area over the next three years.

Paul Booth, chair of Tees Valley Local Enterprise Partnership and Tees Valley Combined Authority Cabinet Member, said:

"This is fantastic news for ENEX Group and for the Tees Valley economy. This stream of funding can make a tangible difference to businesses, as demonstrated by the growth in sales and job creation ENEX is expecting."

NPIF fund managers have also continued to find new deals in other LEP areas. NPIF - Enterprise Ventures Debt Finance has recently provided £200,000 worth of funding to York-based Power Body Nutrition, a wholesale supplier of nutrition and sports supplements.

Likewise, NPIF - BFS & MSIF Microfinance has awarded £50k of funding, alongside £50k from Barclays, to Manchester photographic business Greybox Studio Ltd. The company will use the funding to develop a new 6,000 sq ft premises in Salford, diversify into food and drink photography and grow its team to 10 by the end of 2017.



Microfinance

£25k - £100k

www.npif.co.uk/microfinance



Debt Finance

£100k - £750k

www.npif.co.uk/debt-finance



Equity Finance

£50k - £2m

www.npif.co.uk/equity-finance



Q&A: Meet the Fund Manager



Name: Paul Taberner

Company: Enterprise Ventures

Job title: Investment Director

NPIF area: Yorkshire and Humber

Describe a typical day as a fund manager?

My day kicks off catching up on emails and going through the Northern business news to see what's happening across our patch. I will then co-ordinate the activities of a 12-strong investment team to

ensure everyone is engaging with the right businesses, intermediaries, brokers and accountants, and will also review key business plans to see how we can best structure new deals.

What is it like working with SMEs across the North?

Having been in the industry for 35 years, I've come across hundreds of businesses in a wide range of sectors. I really enjoy getting under the skin of high growth companies to understand their needs and how we can help with their expansion plans. There's also a strong sense of collaboration in the North. We recently funded Electric Strings, which was a brilliant example of us working together with the LEP and Growth Hub to support a business in the Humber.

What characteristics do you look for in a new deal?

We want to work with growing businesses that have ambition, but are constrained by an availability of funding from mainstream lenders. If a company can demonstrate revenue growth and has the ability to create new jobs, then we want to hear from them.

Which sectors should we keep an eye on in the North?

We're very much a generalist lender, but I think the manufacturing sector is one to watch. The North continues to enjoy an industrial renaissance and it is an area that we will always be known for.

Proudest career achievement to date.

Leading the Enterprise Ventures team and being successful in securing both the equity and debt mandates in Yorkshire. The team on the ground did a brilliant job managing the predecessor Finance Yorkshire Fund and everyone worked hard to submit the proposal. We were all really pleased when British Business Bank put its trust in us to deliver the funds.

What do you do in your spare time?

Road cycling, mountain biking and walking with my wife. I also enjoy watching Blackburn Rovers with my two lads (aged 19 and 22) - although I can't see it being that enjoyable next season after being relegated.

LEP Perspective: Liverpool City Region



The business landscape in Liverpool City Region is incredibly positive. There is a real sense of confidence and anticipation for the future across a wide range of sectors from advanced manufacturing to health and life sciences, digital, low carbon, tourism and maritime.

Our leading companies continue to invest and thrive alongside new investors, creating many opportunities for businesses in the supply chain. We have seen £5bn worth of investment, led by the private sector, in offshore wind, a new deep water container terminal, biomass facilities, two new hospitals and a new six lane

bridge over the Mersey. The list goes on and on. New facilities for business are emerging all the time; Baltic Quarter, Knowledge Quarter, Logistics Hubs and Enterprise Zones.

However, this is not an overnight success. It has been a culmination of steady growth, alongside spectacular investments, achieved through vision and application and a hugely effective partnership between the public and private sector. This steady growth is reflected in the City Region's post-recession resilience and, between 2010 and 2016, there has been strong growth in the number of business enterprises in the City Region - stronger than the national average. In addition, our City Region has one of the highest concentrations of high growth companies in the country.

The type of businesses we are seeing come forward for finance covers all sectors and sizes in the City Region. One deal that has already completed on the ground was with manufacturer AEV Ltd, based in Birkenhead. The funding was provided by NPIF - FW Capital Debt Finance and will help the company create new jobs and diversify into new markets.

Likewise, MSIF, which manages the microfinance element of NPIF, alongside other debt and equity funds in the City Region, is currently working on deals worth £23m with SMEs. An area where demand outstrips supply is typically in early stage seed capital, where risk is high and provision is specialist. Often the challenge here is getting these early stage and other businesses into a more investable state, and we are working with commercial advisers and partners like MSIF and their newly launched finance hub to support businesses to become investment ready and make informed use of commercial advisers.

Other opportunities for SMEs come via our Local Growth Hub which we launched, with partners, in 2016 to simplify the business support landscape. We also strive to help local businesses make sense of the myriad of business support initiatives and services from the public and private sectors. In less than a year, we have worked with over 4,000 local businesses to support their growth.

Mark Basnett, Managing Director with the Liverpool City region LEP.