

## Foreword

**The Northern Powerhouse Investment Fund (NPIF) has made a strong start in its first year and is already having an impact on businesses across the North of England through providing capital to back their expansion plans. Part of that success rests on the level of collaboration of all those involved in NPIF - the 10 Local Enterprise Partnerships, the European Regional Development Fund, the European Investment Bank and HM Government – and their commitment to making it easier for small businesses to access funding.**

As a result of that support, NPIF has already invested over £31m into 207 businesses, while also leveraging an extra £32m from the private sector. Funding is one part of NPIF's impact. Fund managers and stakeholders have engaged with the small business community, helping to demonstrate the success of regional funding models and the importance of having networks on the ground. This provides the knowledge and, over time, the capability to support business growth for the long-term.

As we enter NPIF's second year, we will be looking to build on this good start, recognising that there is still much to do. While research from our latest 'Small Business Finance Markets' report revealed that Northern businesses are increasingly benefiting from improved access to and awareness of equity and alternative finance, the volume and value of funding remains concentrated in London. Gaps in equity funding, often so important for businesses with high growth ambitions, are particularly apparent. Our report found that only 11% of UK equity deals and 18% of total angel investments took place in the north.

Increasing the supply of finance is one part of the funding equation. What our research shows is that demand for finance also plays a critical part. Like the supply of finance, there are clear regional variations both in awareness and understanding of different forms of finance. Using equity again as an example, awareness and uptake of equity and other forms of growth finance is higher in London and the South

East as entrepreneurs are more comfortable with taking this form of finance that can be a vital ingredient for growth.

Part of the Bank's aim is to raise awareness of these different forms of finance and to close these regional gaps. Our activities through NPIF to engage with the small business community is one part of that effort. The Bank is however putting more resources into tackling these gaps. By the autumn we will have a new network of regional managers working for the Bank, as announced in last year's Industrial Strategy, including across the NPIF region. And to improve understanding of the finance options available on the market, we will soon be launching a new digital hub that will be a single, simple to use resource for businesses with ambitions to scale-up.

Together, these will build on the momentum that has been created through the launch of NPIF and I look forward to working together with you to help deliver this important agenda.

**Keith Morgan,  
CEO at British Business Bank**





# Deal Roundup

**NPIF has continued to deliver a strong pipeline of deals in all 10 LEP areas, making an impact on businesses across a range of sectors. Almost £3.8 million has been invested in the following six businesses:**

## Radio.co

Manchester-based Radio.co, a technology company that developed a cloud-based software streaming platform for radio stations received a £300,000 loan from NPIF - FW Capital Debt Finance. The firm, which currently employs 20 staff, will use the funds to scale-up, recruit a further 10 additional employees and develop new products for its existing customer base of around 3,500 radio stations.

## Ant Marketing

Sheffield-based telemarketing company Ant Marketing secured a £100,000 investment from NPIF - BEF and FFE Microfinance, which will help create up to 50 new jobs within the city and provide growth capital to invest further in the business. Ant Marketing, which operates from two locations in central Sheffield, has a growing customer base which includes British Gas, Nestle and The Economist.

## Allied Protek

Humber-based Allied Protek, an engineering specialist which provides a full project management package for clients in the food, drink, fine chemicals and pharma sectors, secured a £250,000 loan from NPIF - Mercia Debt Finance. The funds will help the company create 10 permanent engineering jobs in the Humber area.

## Azzure IT

One of the fastest growing small tech firms in Sheffield, which provides information technology consultancy services to businesses through Microsoft Dynamics suite, received £2 million of funding from NPIF - Mercia Equity Finance. The funding will enable Azzure IT to strengthen its management team, recruit additional implementation consultants and expand its sales and marketing operations.

## Cenergist

Washington-based energy consultancy Cenergist, which helps public and private clients across the UK and Europe achieve energy and financial savings, received a £515,000 investment from NPIF - FW Capital Debt Finance. The additional capital will help the firm create new jobs in the Tees Valley region and open up new revenue opportunities.

**Mitesh Dhanak, Managing Director at Cenergist, said:**

**"We're expecting to create even more new Tees Valley jobs as we work towards building significant turnover from this new area of operation within the next 18 months. Our previous experience of working with FW Capital showed they were very practical and proactive people to deal with, and NPIF was a natural fit with our requirements."**

## Coeus

Cumbria-based Coeus, a workforce mobility platform provider, secured £603,000 equity funding from NPIF - Maven Equity Finance. The investment will enable the company to expand its operations in Cumbria by building its sales team and implementing a new sales and marketing strategy.

# Deal in Focus: Inovus Medical

**NPIF provided £80,000 worth of microfinance to the St Helens-based medical device company, which manufactures a range of medical and surgical training products that are used by doctors and surgeons across the globe.**

Inovus Ltd was created in 2012 by two directors, Dr Elliot Street and Jordan Van Flute, who successfully grew the business from a garage-based start up to a leading name in healthcare simulation. The business now sells products in over 35 countries worldwide.

The funding from NPIF – BFS & MSIF Microfinance, was completed by MSIF and was part of a larger funding round totalling over £200,000. The business will use the funding to expand its manufacturing facility in St Helens to cater for its ever-increasing product range and to support an increase in staffing as the demand for products grows.

**Andy Jones,  
Investment Manager  
at MSIF, said:**

*"I'm really happy that we were able to assist Inovus as they reached the stage where they were ready to scale up the business. Inovus has already grown due to the funding, and they should expect even larger levels of growth through 2018. I wish them all the best and look forward to seeing more of their innovative ideas come to fruition."*

**Dr Elliot Street,  
Managing Director  
of Inovus, said:**

*"The process of raising funds through NPIF was relatively streamlined which meant we were able to secure funding at a crucial time to support the launch of two of our new products. We have already noticed the positive effects of the funding and look forward to continued growth into the New Year."*



## Microfinance

£25k - £100k

[www.npif.co.uk/microfinance](http://www.npif.co.uk/microfinance)



## Debt Finance

£100k - £750k

[www.npif.co.uk/debt-finance](http://www.npif.co.uk/debt-finance)



## Equity Finance

£50k - £2m

[www.npif.co.uk/equity-finance](http://www.npif.co.uk/equity-finance)



## Q&A: Meet the Fund Manager



**Name:** Doug Heseltine

**Company:** Business Enterprise Fund

**Job title:** Investment Manager

**NPIF area:** Yorkshire, Humber and Tees Valley

### **Describe a typical day as a fund manager.**

First of all, I open up my emails to see how my clients are progressing with their ongoing applications. I spend a lot of time catching up with clients – it's important to understand their business and position when making a decision. I also frequently meet intermediaries such as banks, who we work with closely.

### **What is it like working with SMEs across the North?**

It's great fun working with small businesses. I get to work with companies across all sectors – and there are a range of really interesting ideas out there! For me, small businesses represent the real Northern economy. There's bucket loads of ambition and pride within small businesses, and they make a real economic impact.

### **What characteristics do you look for in a new deal?**

I'm excited about growth and potential in the North – I've worked on small loans for start-up businesses, to larger secured deals for established companies, and it's the same determination that can be

found in both. Alongside this I always look for proven commercial viability and room for business growth.

### **Which sectors should we keep an eye on in the North at the moment?**

I'm fascinated by emerging tech in the North, where Leeds has become a hub. I think there will be a rise in the number of innovators who are ready to take their product to market over the coming years.

### **Proudest career achievement to date.**

It's still early days in my career! I graduated in 2016 and went straight into Business Enterprise Fund. Having my first loan approved was a proud moment, as well as moving through the business from the Start Up team to the wider investment team.

### **What do you do in your spare time?**

I like to play rugby and am heading to Australia to represent Scotland in the Rugby 9s at the Commonwealth Games. You'll know how well we got on by the time you read this!

## LEP Perspective: Cheshire and Warrington



Cheshire and Warrington is an outstanding location for business, home to one of the strongest and fastest growing economies in the UK.

Our economic output is greater than core cities such as Birmingham, Sheffield and Leeds and we are 20% more productive than the rest of the UK, producing £8,000 more per employee than the North West average and £3,000 more than the UK average.

Our economy has grown by 6% since 2015 to just under £30 billion per annum and, at our current rate of growth, we will soon overtake Liverpool and Lancashire to become the second biggest economy in the North West, and third biggest in the North.

We excel in a number of high growth sectors and have a growing reputation as a location for science and innovation, home to some of the most significant science-based assets in the UK across the Cheshire Science Corridor. In 2016, a number of business and investment sites within the Science Corridor launched as an Enterprise Zone, offering significant incentives for businesses and an investment pipeline of around £60 million.

Advanced manufacturing is a thriving sector for Cheshire and Warrington. The area produces 25% of the North West's manufacturing output, and is a hotbed for the life sciences, finance and business services, energy and chemicals sectors.

This rich and diverse economy is supported by a strong base of smaller and medium sized companies, and the Northern Powerhouse Investment Fund is playing a vital role in providing access to funding to help them scale up and grow.

To date, nearly £3 million of investment from NPIF has been secured for Cheshire and Warrington businesses, and we are already seeing more companies coming forward to capitalise on this important source of finance.

The LEP is supporting this through its own initiatives to help ensure that businesses have access to the support they need, and we will soon be launching an Access to Finance support programme to help businesses produce and develop effective business plans that will enable them to unlock finance opportunities.

Other support avenues include our Growth Hub, which signposts businesses to sources of support for projects that will increase turnover and create new jobs.

The LEP's mission is to provide the right conditions for the private sector to thrive and benefit from the area's outstanding economic success. We welcome the role that NPIF is playing in supporting companies across our area to grow and develop.

**Philip Cox,**  
**Chief Executive at Cheshire**  
**and Warrington LEP**