

Foreword

Welcome to the fourth issue of our Northern Powerhouse Investment Fund newsletter. As you will read it has been a busy and productive few months for everyone involved in the fund.

NPIF has now invested almost £60m into 285 small businesses across our 10 Local Enterprise Partnership areas, attracting over £46m of private finance alongside our investment.

We are seeing good quality investments into growth companies that will have a real impact on jobs and productivity in the North.

Building on the success of the Northern Powerhouse Investment Fund, the British Business Bank has now been formally tasked with a specific new objective – to address historic regional disparities in the availability of funding.

Having already built on the successful model used here to develop funds in the Midlands, through the Midlands Engine Investment Fund, we launched a fund for Cornwall and the Isles of Scilly in June.

It has been a busy first half of 2018 and we look forward to keeping up those energy levels as the fund builds into its second year.



We are grateful for all the support received from our stakeholders, within the LEP network and in the wider business community, and look forward to working with you all as we anticipate further success for NPIF and as we start to shape the development of its successor.

**Ken Cooper, Managing Director,
British Business Bank**

Greybox completes Foundry move



Creative content and photography firm Greybox Studio is set to double turnover one year after a £50k funding package from NPIF - BFS & MSIF, helped the company to develop its new 6,000 sq ft Manchester headquarters.

Founded in 2014 by Simon Grimley and Lindsay Agana, Greybox is a leading creative photographic studio specialising in content for publication, social media and point of sale for clients including Joules Clothing, Cotton Traders, Matalan and Boda Skins.

The company was awarded a £100k funding package in July 2017, including £50k from each of Barclays Bank and NPIF - BFS & MSIF

Microfinance, which provides loans between £25k and £100k and is managed by GC Business Finance (formerly BFS) and MSIF.

Since then, Greybox has added six more employees taking the team total to 10, and relocated from its Ardwick studio to new premises at Capital & Centric's Foundry development on the edge of Media City. The move has tripled available workspace and allowed the company to expand its client base further.

The company is also set for a bumper growth year, with revenues expected to double from £250k to £500k following the investment.

Simon Grimley, Director at Greybox Studio, said:

"The funding we received from NPIF and Barclays has been invaluable to the direction of our business. It allowed us to recruit a highly skilled and motivated team. The move to our new studio has added a much greater level of professionalism to our service and has allowed us to accommodate a huge uplift in business which has seen us build our client base into new sectors."

"The growth which has followed, both across our team and financially, has been very pleasing and has put us on a trajectory that we hope will help us to achieve our ultimate aim of becoming the number one creative content agency in the UK. GC Business Finance and NPIF made the funding process very straightforward, so I would highly recommend small businesses get in touch with them to see how they can help."

Grant Peggie, Director at British Business Bank, said:

"Making differences to businesses and communities across the North is key to our objectives, so it is very positive that the team at Greybox has achieved early success since receiving NPIF funding. It is especially pleasing to see the new jobs created, and it gives us great encouragement for the future."

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.

Universal Coatings

Doncaster-based Universal Coatings was founded in 2007 by two school friends – Phil Bingham and Phil Pantry. The company provides coatings for everything from swimming pools to steel structures and worked on the infrastructure for the 2012 Olympics. Universal Coatings will use its loan to fulfil new contract wins and create an additional seven jobs.

MedCircuit

Manchester-based MedCircuit has developed software that allows patients to check into A&E using an iPad and answer questions about their illness. The funding will allow MedCircuit to further develop the software and to run trials across a number of UK hospitals.

ARU Recruitment

ARU Recruitment Ltd was launched by former healthcare recruitment specialist Umar Anwar in January 2017. The funding has enabled Anwar to invest in developing and implementing a unique system designed to improve the way in care is delivered, and now the Hull-based business is on course to create 50 jobs.

Laytrix

Laytrix has developed innovative systems for laying and removing subsea pipelines. Its products significantly reduce the time and cost involved in carrying out the work. The Darlington-based business will develop equipment for the offshore industry and the funding will allow it to bring its first two systems to market.

Pronar UK

Lancashire-based manufacturer Pronar UK was founded in 2016 by founder and Managing Director Davdi Orrell. It will use its loan to support numerous projects, including a move to larger premises, the creation of a greater capacity manufacturing facility and the purchase of additional equipment.

Alderley Analytical

Alderley Analytical is a bioanalytical contract research company which supports the development of new drugs by measuring their levels in biological fluid samples, mainly blood and plasma, taken in both preclinical and clinical trials. The company currently employs 21 staff and expects turnover to increase by more than 60 per cent in 2019 with at least six more jobs to be created. The company was one of the first to move into the new Alderley Park Science Park in Macclesfield, Cheshire.



Deal in Focus: Newtec

NPIF invested £500k in medical device company Newtec to help develop new technologies as well as enhancing operating systems. The funding will be used to launch a new medical product to the market that has been designed by surgeons, for surgeons.

The investment was made by NPIF - Maven Equity Finance, which is managed by Maven Capital Partners.

Liverpool-based Newtec was established to develop innovative medical devices for niche markets in vascular and cardiovascular surgery. By creating products that address challenges in the cardiovascular market, Newtec has designed a suite of unique vascular products, noting complications in all other systems and aiming to eradicate them. The company has also identified further applications for its products, with the potential for expanding the product range or out-licensing opportunities.

Backed by a strong set of investors, significant surgical leaders and key opinion leaders, Newtec has successfully secured over £800k of funding, which will be used to complete the development of other products, secure intellectual property and cover clinical costs for medical trials and studies.

Newtec was founded by Rob Arson (CEO), who has 22 years of management experience in cardiovascular medical device companies.

Within the Cardiovascular device market, Newtec's product mix is of high commercial interest and has a market value worth billions. The business is successfully developing products in a multi-billion-dollar sector which is growing at eight per cent per annum. The growth in this market can primarily be attributed to the rapidly increasing obese population, the high prevalence of cardiovascular diseases across the globe, increase in longevity and ageing population, as well as increasingly sedentary lifestyles.

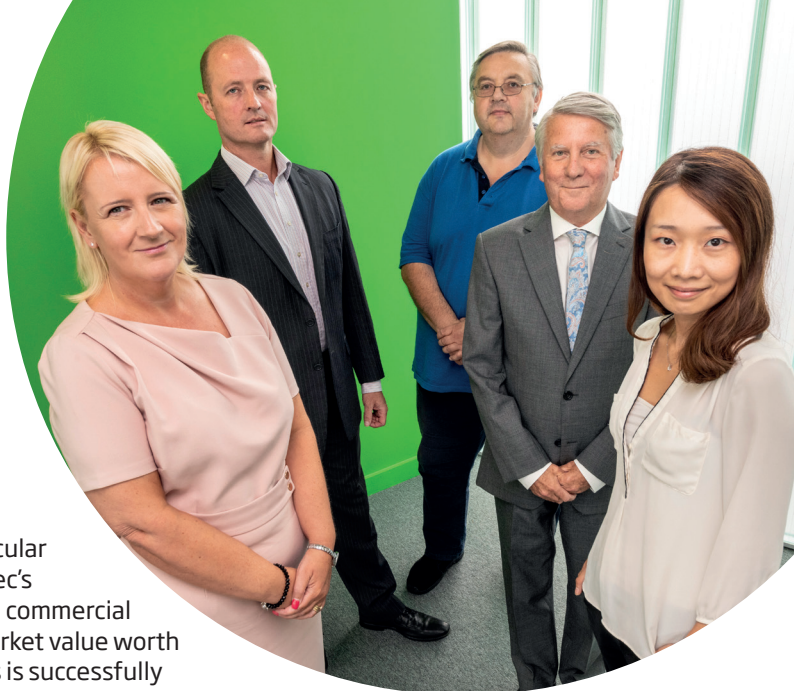
Andrew Round, Investment Director at NPIF - Maven Equity Finance, said:

"We are delighted to support Newtec's innovative development of medical devices. The company is creating products that offer solutions to challenges many surgeons within the medical industry face. Backed by a dedicated and highly experienced management team with excellent contacts in the markets they are targeting, we look forward to working with the company to drive the business forward."

Newtec is based at the prestigious Liverpool Science Park.

Steve Rotheram, Liverpool City Region Metro Mayor, said:

"I'd like to congratulate Newtec on securing this funding which will help it to continue to develop innovative medical devices which make a real difference to people's lives. The Liverpool City Region is one of the UK's leading areas for health and life sciences, and this is exactly the kind of innovative company we should be encouraging."



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: Gary Guest

Company: FW Capital

Job title: Fund Manager

NPIF area: North West

Describe a typical day as a fund manager. Every day is different, which is what I love about the job. Some days are spent at one of our offices in Manchester, Liverpool, Preston or Cumbria, discussing lending proposals with members of the team.

Other days will be spent networking with introducers, or spending time with our key stakeholders such as the British Business Bank or the Local Enterprise Partnerships and Growth Hubs.

What is it like working with SMEs across the North? I feel very fortunate that we get to engage with and support some fascinating and highly ambitious business owners. I'm constantly amazed by the broad spectrum of companies that operate in our region and it's great to see some niche markets being developed right on our doorstep. The common theme across all of our SME customers is that they are keen to grow and work with a funder who will support them in the longer term, rather than it being a one-off transaction.

What characteristics do you look for in a new deal? Management teams are always important – do they have relevant experience, as well as depth of skills and the capacity to manage as the business grows?

Being a debt fund, the ability to service a loan is key for us. As such, past performance is a good initial benchmark for us to judge this, however we do consider more forecast-led proposals if the circumstances are right.

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

We are seeing good growth in a number of sectors such as construction, marketing and business services. Those to keep an eye on are technology and software. We have already supported a number of software businesses who are at the cutting edge of their marketplace and the North West feels like a real hotbed for these businesses.

Proudest career achievement to date.

Successfully delivering the £45m North West Fund for Loans Plus from 2010 to 2016, and subsequently being awarded the contract to deliver NPIF by the British Business Bank. A crucial part of both of these, has been the establishment of a top-notch delivery team. I feel very proud to have worked with the FW Capital team over the last eight years and look forward to more success with them in future.

What do you do in your spare time?

Most of my time is dedicated to family life with my wife and two sons. When I do get a moment to myself, I'm a keen runner and like to get out at least four times a week. I've completed a number of 10k events, most recently the Manchester 10k, which the FW Capital team ran together in aid of Derian House Children's Hospice.

LEP Perspective: Tees Valley



I am delighted to be working in collaboration with organisations such as NPIF and witnessing some of the investments in small businesses across the region. We are also really pleased that there has been a series of major new business investments in the Tees Valley. This includes £500k worth of funding to Communicate Technology, which is looking to create new jobs, along with a £400k investment in manufacturer CRESS Systems.

Other highlights for the region include, Sirius Minerals' massive vote of confidence in the area as it broke the ground on a 23-mile tunnel at Wilton International. When complete it will connect to Sirius' in-development £3.2bn Woodsmith polyhalite mine in North Yorkshire, to transport fertiliser extracted there to the Tees Valley for export around the world.

Wilton Group also unveiled a £3m state-of-the-art Preparation and Coating Facility for offshore wind turbine components. Tees Valley is at the forefront of the offshore wind industry, a sector incredibly important to the UK as a whole, and this investment shows that Wilton is dedicated to being a key player in the market.

Our business one-stop shop, Tees Valley Business Compass, has also continued its work, backing companies to the tune of more than £560k over the past quarter, covering a range of businesses, from marketing and construction to franchising development.

Looking at future benefits to our region, Tees Engineering Network has hosted a breakfast briefing at which Atlantic SuperConnection and Innogy Renewables set out multimillion-pound supply chain opportunities. Atlantic SuperConnection's £3bn scheme for an undersea electricity cable from Iceland to the UK could provide a huge boost to businesses.

Finally, a report by global construction firm Mace suggests that this is just the beginning for Tees Valley's business potential should a "supercharged" free port be established in our area. If linked with our Enterprise Zones, a free port could create more than 17,500 jobs and contribute more than £1bn to the local economy.

I am committed to business growth in Tees Valley and, to attract new investment, I recently embarked on the first of many trade missions to highlight international investment opportunities. By continuing to work in collaboration with our partners, such as NPIF, and having access to first-class business support, the future is looking bright for us.

Ben Houchen, Tees Valley Mayor