

Foreword

The sixth edition of the Northern Powerhouse Investment Fund (NPIF) newsletter marks the Fund's two-year anniversary.

NPIF continues to perform strongly, completing 440 investments worth a total of £100m across the 10 Local Enterprise Partnerships (LEP) that make up the 'Northern Powerhouse' region. In turn, this has provided real economic benefits, such as job creation and business growth, to fuel the ambition of our business communities.

In 2016, the British Business Bank sought to establish an investment vehicle that would support economic prosperity in the North and help to reduce the historic divide with London and the South East. With the support from the 10 LEPs, the European Regional Development Fund, the European Investment Bank, and HM Government, we have been able to realise this objective and make real strides in reducing the regional gap.

Our fund managers have played a huge role in the investment of these funds. Being on the ground and engaging directly with the business community and support networks has boosted our awareness greatly in these two years. In February, we hit the significant milestone of £25m invested in Greater Manchester businesses alone, and we are rapidly approaching other significant

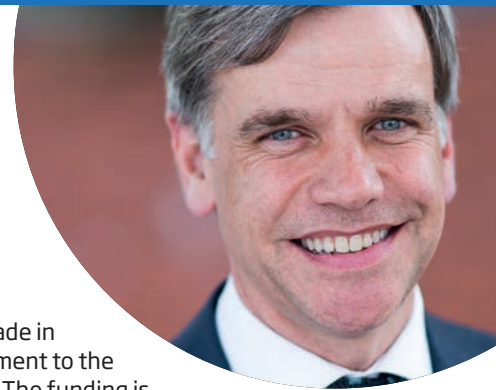
investment milestones in both Leeds City Region and in the Tees Valley.

This series of milestones made in less than two years is testament to the ambition of Northern SMEs. The funding is leading to investment in people, equipment, and infrastructure in the North's key sectors, such as the manufacturing, technology and the creative industries.

Maintaining this momentum is the priority as we go into the Fund's third year. We have established a digital information hub and a broader network of regional managers in the last year, meaning the British Business Bank is now better equipped than ever to get our message to the market and inform entrepreneurs of the options available to them.

We hope that by boosting awareness of the benefits of external finance, we can build on NPIF's successful second year and help even more businesses across the North realise their ambitions of scaling up and staying ahead.

Keith Morgan
CEO of British Business Bank



Deal Roundup

NPIF has remained committed to backing ambitious businesses in the North and a growing number of companies are exercising the funding options available to them.

Here are just some of the transactions we have completed this quarter:

GW Power

Humber-based GW Power-Safe is an award-winning business which provides mechanical and electrical installation services. The £100,000 investment from NPIF will support GW Power-Safe as it looks to secure larger contracts and create 10 new jobs.

Creation 360

Manchester-based product design agency, Creation 360, has plans to develop a new mobile solution for the hospitality and leisure industry after receiving £250,000 from NPIF, which was part of a larger funding round totalling £750,000.

Abingdon Health

Abingdon Health is a diagnostics company which specialises in 'point of care' tests, to diagnose disease in humans, animals and plants. The £1.5m investment from NPIF – Mercia Equity Finance, will allow the company to fulfil new contract wins and invest in new equipment and processes at its headquarters in York.

Fire Safety Managers

Fire Safety Managers, which is situated in Chester, delivers lifesaving solutions and training to businesses and education providers across the country. The company secured £35,000 from NPIF as part of their funding round which will be used to create at least three new full-time jobs, invest in marketing and training and achieve accreditations that will enable the business to tender for opportunities for larger multi-nationals.

Connectus

Yorkshire-headquartered superfast broadband provider, Connectus Group, received £150,000 worth of investment from NPIF to fund a premises refurbishment, additional staff, as well as marketing and website development to support the further expansion of the business.

Phusion

Teesside-based engineering information management firm Phusion secured a significant six-figure investment from NPIF – FW Capital Debt Finance. The company will invest in product and business development, as well as using the funding to scale up for delivering bigger projects and increase headcount.



NPIF in its Element with £250,000 investment in Technology Platform:



The Northern Powerhouse Investment Fund (NPIF), has invested £250,000 to support Elements Technology Platforms Limited in its mission to develop its headquarters, staff base and product portfolio.

The investment was made by NPIF - Mercia Equity Finance which is managed by Mercia Fund Managers and part of the Northern Powerhouse Investment Fund.

Founded last year in Sheffield by Dr. Joe Handsaker, Elements is an Internet of Things (IoT) solutions provider for small and micro manufacturers.

The business is developing software solutions that re-purpose consumer technologies for use in manufacturing, with a specific interest in exploring opportunities for wearable technologies in the sector.

Elements' revenue model is to sell low-cost hardware, including smartphones and off-the-shelf proximity sensors for tagging manufacturing materials and to then charge a monthly subscription service fee for the products. This platform will enable small-sized manufacturers to improve their productivity without huge expenditure or the burden of an overly-complicated Material Requirements Planning system.

The company is already on the path to elevating its business; in March 2018, it won the 'Digital Catapult Hack and Pitch' competition at the Industry 4.0 Summit and has since met with the directors of the Rolls Royce EcoSystem and IoT divisions, in a bid to improve supply chain transparency.

The £250,000 funding will support the company's product portfolio by creating advanced prototypes and validating its market offering. The NPIF investment, which is the only external finance that the company has raised to date, will also be used to secure a premises in Sheffield and hire four new technical and sales staff members.

Since its launch in February 2017, NPIF has delivered Microfinance, Debt Finance and Equity Finance, ranging in size from £25,000 to £2m, to businesses across the 10 Local Enterprise Partnerships (LEP) that make up the 'Northern Powerhouse' region.

Ashwin Kumaraswamy, Investment Director at Mercia Fund Managers, said:

"Small and micro firms make up 90 per cent of the UK's manufacturing capacity. Joe and his team of young entrepreneurs have found a way to help them deploy the latest technology to digitise production and enhance quality and productivity."

Sean Hutchinson, Senior Manager at British Business Bank, said:

"This investment exemplifies the work that NPIF is doing across the North of England. By supporting businesses with the funds to boost headcount and move premises, we are creating a more prosperous regional economy for the future, and in turn helping to reduce the historic regional disparities between the North and the South."

The Northern Powerhouse Investment Fund project is supported financially by the European Union using funding from the European Regional Development Fund (ERDF) as part of the European Structural and Investment Funds Growth Programme 2014-2020 and the European Investment Bank.



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 Humphray

Company: MSIF

Job title: Investment Director

NPIF area: Liverpool City Region and wider North West

Describe a typical day as a fund manager.

I like to get into the office early to avoid the worst of the rush hour traffic, and read through the usual business media daily news emails and prepare for meetings during the day. These can include SME owners looking for funding, follow up visits with our Portfolio Manager post investment, or networking events with intermediaries. In between, I will work on assessing business plans and financial accounts

and forecasts and putting forward appraisals of applications to our Investment Panel. After finishing with another trawl through emails, I'll leave the office around 5.30/6pm again to give traffic time to dissipate.

What is it like working with SMEs across the North?

It's really rewarding and something I've enjoyed doing for the past 25 years or more. I really admire people who have made the decision to run their own business with all the responsibility that entails not least towards employees. One of the best and most interesting parts of the role is visiting businesses to see how they operate - a site visit just helps bring a business to life and aids understanding. We are really lucky to have such a wide variety of businesses here in the North West.

What characteristics do you look for in a new deal?

Ideally we are looking for growth potential which will usually involve job creation along the way. The owner/management team skills are also key to a successful investment. As I work on the debt side, the ability to meet loan repayments is imperative.

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

The digital and creative sector has a number

of hubs across the north that are producing some eye-catching outputs. Here in Liverpool City Region, there is also a growing focus on renewable energy and the related support services and the new Liverpool 2 Superport facility will help bring renewed business to the whole Port Hinterland. I'm always keen to try and support manufacturers and whilst George Osborne's March of the Makers didn't quite materialize, there are still a surprising number of small businesses producing items.

Proudest career achievement to date.

I'm always delighted and proud to see businesses I've supported be successful, and thereby help to grow the local economy and there are many examples of that. It's also nice to know that you've helped make a difference and, again, I've a number of emails from business owners saying they wouldn't be where they are without my help.

What do you do in your spare time?

I'm a keen football supporter, holding season tickets at both Wigan Athletic and Liverpool. I also watch my grandson play in the Wigan Youth League where I'm also Treasurer. I enjoy a game of golf but need to spend more time practicing to get my handicap down below 20 - but not sure my wife would appreciate that! Finally as my colleagues will attest to, I love my holidays - 20 years going to Goa now.

LEP Perspective



As we celebrate the second year of the Northern Powerhouse Investment Fund, the Leeds City Region has its own reasons to be optimistic about the future.

Since 2017, our City Region has seen £18million of investment from the NPIF with more than 80 deals completed so far, which have resulted in tangible, positive impacts on peoples' lives.

This investment has been crucial to supporting our most dynamic and ambitious SMEs which are the driving force behind our local economic success story.

One such firm is BabaBing, a manufacturer of childcare products including changing bags and high chair. Theirs is an inspirational story - after being established by three brothers in spare bedroom in 2005, BabaBing now works

with national retailers including John Lewis. A £125,000 investment is helping to support the development of a new pushchair range and the creation of additional jobs.

Hughes Bakers is a family company that was established in Shipley more than 90 years ago. From its humble beginnings, Hughes now supplies leading retailers including Asda and Morrisons. They secured a £600K investment to allow them to increase on-site capacity and create 12 jobs.

Another success story is Attacom, a Mirfield-based provider of off-site construction, in which elements of a building are fabricated in a factory to enable faster and more efficient building developments. A £250,000 loan has provided additional working capital to fulfil the company's product orders, as well as creating new jobs.

Together with other inward investment, the funding from NPIF is helping to drive forward Leeds City Region's ambitions of helping businesses grow and developing the skills, energy and digital infrastructure to create jobs and prosperity for all.

2019 promises to be an exciting year for Leeds City Region as Channel 4 opens its new national HQ. This will create more than

300 new jobs over the next few years but the benefits are already being felt as creative and production firms relocate to take advantage of the move.

As we look across the Pennines to the success Salford has made of its Media City development, the possibilities for the future are extremely encouraging.

The Leeds City Region's future was built on a strong legacy of innovation and industry, and a track record of marrying together economic success and social progress. We were at the forefront of the Industrial Revolution, home to industrialists from Titus Salt to Joseph Rowntree who all embodied the enterprising zeal of this age, helping lay the foundations of the original Northern Powerhouse and supporting the people of our city region out of poverty and into a skilled workforce.

Despite the uncertain times, it is vital that the City Regions of the North work together for the future we want, learning lessons from the past to ensure we create a vibrant, strong economy that works for everyone.

Roger Marsh, Chair of the NPIF Strategic Oversight Board, and Chair of the Leeds City Region Enterprise Partnership.