

Foreword

Welcome to the eighth edition of the Northern Powerhouse Investment Fund newsletter. With so much going on within Westminster and elsewhere this is a somewhat delayed publication but one where we can both look back on our successes to date, including the very positive findings from our first 'Early Assessment Report', and look forward to NPIF increasing its impact as we announce the release of a £106m tranche of funding to our fund managers.

The assessment report was undertaken by independent research provider SQW Ltd and reported that we are distributing finance widely across the regions, successfully engaging with our partners and building business confidence in accessing finance. Stand-out statistics include 60 per cent of firms reporting that sales were higher as a result of funding and 75 per cent of firms increasing headcount. The quality of jobs also looked high with a large proportion of salaries above the national average.

Despite the positive report we are keen to do better and this quarter we also want to touch upon our work to promote the benefits of the fund to businesses in areas such as Humber, Cheshire and Warrington, Lancashire, Cumbria and Tees Valley where take up

of funding could be improved. Along with our partners in the Local Enterprise Partnerships and Growth Hubs we have been working incredibly hard over the past two and a half years to ensure that businesses across the patch are able to benefit from NPIF funding and fuel their growth ambitions.

I mentioned the release of the final £106m tranche of funding and we are pleased that performance to date has meant that we could make the decision to release these funds earlier than planned. We hope that by doing this we can see investment rates continue in the strong vein that we have seen so far.

The case study this issue illustrates the way NPIF is working. Our investment into Richmond-based food manufacturer, Holmesterne Farm, in 2018 has allowed the company to hire 20 new staff and introduce a range of meat-free products. This is just one example of a number of firms across the north that are performing exceptionally well and we're confident that we will have lots more to talk about as our investment pipeline remains strong.

I hope you enjoy the latest edition of our newsletter.
Ken Cooper, Managing Director at the British Business Bank



Holmesterne Farm enters new markets and creates 20 jobs following NPIF investment

Richmond-based food manufacturing company Holmesterne Foods has expanded its product range to include meat-free alternatives since receiving a £250,000 investment from NPIF - Mercia Debt Finance.

The business produces raw and cooked meats, frozen vegetables and ready meals. Staffing has increased by six people at its Brompton in North Yorkshire site, where the meat-free products are being produced. The meat-free alternatives, used with a mushroom base, are already attracting interest from large customers especially with the recent launch of a meat free sausage roll in the Asda hot deli counters. NPIF's loan has also enabled the company to expand its Leeming Bar production facility, creating 14 jobs and allowing the purchase of new equipment and machinery.

Keith Tindell, Managing Director at Holmesterne Foods said:

"Holmesterne Foods take pride in adapting to consumers' needs and with meat-free alternatives on the rise, we have been able

to utilize the loan by creating our own range of products. Not only this, but this new source of capital has also allowed us to create new jobs across both our facilities, scale up our operations and successfully fulfill an influx of new business. We're now in an excellent position for further growth and we are excited to see how our new products will be received by the market."

Paul Arthur, Investment Manager at Mercia, added:

"Holmesterne Foods is a successful, independent business with a reputation for high quality products. The company's strengths lie in its focus on quality and its flexible approach. Although it started out as a butchery business, it has grown and flourished by offering innovative products and is constantly developing new offerings to meet changing market tastes. This investment has allowed it to diversify ever further and meet the growing demand for vegan food."



Deal Roundup

Over two years on from its launch, NPIF has remained firm in its commitment to supporting ambitious businesses across the North, and a growing number of companies are taking advantage of the investment opportunities on offer to them.

Here are just some of the deals completed in the past quarter:

Optimus Vitrum

Optimus Vitrum, a University of Leeds spin-out which is pioneering a new way to make toughened glass for mobile phone screens and wearable devices secured a £600,000 equity investment. The funding will allow the company to create advanced prototypes and engage customers, to create thinner, more flexible screens for smartphones and other electronic devices without making them more vulnerable to cracking.

TrakRap

Based in West Lancashire, Trap Rap is a designer and manufacturer of sustainable packing solutions. The company has secured a £750,000 equity investment, in addition to £320,000 from existing shareholders and £200,000 sourced from private investors. The funding will support the growth of the company's sales and marketing function, creating up to 67 new jobs over five years.

Sales Bond

Sales Bond is set to expand into Cheshire after securing £70,000 investment from shareholders, including £30,000 from NPIF. Sales Bond is an independent telesales company specialising in lead generation and appointment setting. Following the latest injection of NPIF funding, Sales Bond is planning to undertake further recruitment and establish a new office.

Fast Form

Humber based specialist formwork manufacturer Fast Form Systems Limited received a £1.5 million equity investment. The company's systems are used in the construction industry to hold in place concrete and/or reinforced concrete structures. Fast Form intend to use the funding to enable the company to execute its ambitious marketing strategy, continue to exploit growth opportunities in the US and create 11 new jobs.

Titus Learning

Saltaire based Titus Learning, a company which creates e-learning systems for clients in 23 countries is expanding further with the help of a six-figure loan. Established in 2013, the company provides tailored online learning platforms to a range of blue-chip clients and is planning to increase the size of its team by 50 per cent over the next two years with the creation of ten new jobs.

iPEGS

Chester based workplace efficiency firm iPEGS is looking to grow its client base and expand overseas having secured a five-figure investment to fund the expansion of the business' sales and marketing team. Through its app and web forms iPEGS helps companies cut down on the costs of printing, storing and recycling physical paper forms – improving both their environmental impact and efficiency.

Optimus Vitrum



Sales Bond



Titus Learning



TrakRap



Fast Form



iPEGS



Deal in Focus - Relative Insight

Relative Insight, the Lancaster-based language understanding business, has secured a further £1m investment from NPIF - Maven Equity Finance as part of a wider £4m investment to support its expansion into the US.

The investment comprised a £3million package from Maven's VCT fund alongside the £1million from NPIF - Maven Equity Finance, managed by Maven and part of the Northern Powerhouse Investment Fund.

This latest funding round brings the total invested by the Northern Powerhouse Investment Fund into Relative Insight to £1.6 million following the initial investment in September 2017.

Established initially as a 10-year research project with Lancaster university, Relative Insight now works with a range of blue-chip clients such as DFS, McCann and John Lewis, to help in understanding language difference between key audiences.

The Relative Insight platform is used by companies to gain significant business value from their language data assets. A companies' language data assets can include; surveys, reviews, CRM and social media, which all represent rich sources of business intelligence. This intelligence is then applied in marketing optimisation, customer experience and employee engagement activities to improve business results.

The funding will support the company's growth strategy as it expands into the USA with a new office in New York, while developing its technology platform to help companies drive business value from language data.

Ben Hookway, CEO at Relative Insight, added:

"The support from the Northern Powerhouse Investment Fund and Maven allows us to further accelerate the growth of Relative Insight. We have a world class language analysis development centre in Lancaster, which along with our office in London is bringing better and simpler language analysis to all kinds of businesses. Expanding into the USA is the next logical step for us."

Dave Furlong, Investment Director at Maven, said,

"Relative Insight has developed an innovative, industry leading platform using cutting-edge linguistics analytics. It's a fascinating sector and the team has a range of industry expertise able to support the company's ambitious growth plans."

"This investment is a great example of the Northern Powerhouse Investment Fund working alongside Maven's private client funds to support a local business with a flexible funding package to enable it to grow

globally. We look forward to working with Ben and the team as the business embarks on an exciting programme of growth."

Grant Peggie, Director at British Business Bank, said:

"NPIF continues to provide vital funding to Northern businesses across the region. We are pleased to continue this support and are pleased to work in partnership with Maven Capital and our other appointed fund managers to make a real impact on business communities, creating jobs and strengthening regional economies to unlock the North's potential."

Steve Fogg, Chairman of the Lancashire Enterprise Partnership said:

"This investment is a superb Lancashire example of a university spin out gaining market traction and creating jobs - the success of Relative Insight should encourage growing digital businesses in the county to access financial support for scale-up expansion. There is funding available for Lancashire SMEs needing funding to grow and they should contact NPIF."

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: Tim Daniels

Company: Finance For Enterprise

Job title: Senior Investment Manager

NPIF area: Yorkshire and The Humber

Describe a typical day as a fund manager.

There's a lot of variety in my job, and although I don't think I would be the only fund manager to say that every day is different, I have always prided myself on building good working relationships with the businesses we support.

I've never been a big fan of being tied to a desk and I typically spend much of my working day out of the office meeting new and existing customers to understand the challenges and opportunities their businesses face and finding out how we can help them realise their ambitions. It's this that makes my job so enjoyable.

What is it like working with SMEs across the North?

If I could sum it up in a few words it would be challenging and rewarding. As one of the largest regions outside of London, the economy of Yorkshire and the Humber is incredibly diverse and SME businesses play a vital role in creating skilled jobs often at the forefront of new and emerging industries. SMEs are often quick to spot and adapt to new market opportunities and it's great to help those companies to flourish by providing the vital funding needed to help them succeed.

What characteristics do you look for in a new deal?

We try to help business owners to unlock the potential in their business ideas and whilst the past financial performance of a company is important, I always look at the people behind the business first and their commitment, knowledge and expertise they have to deliver the planned project.

Whilst figures will always be an important requirement in our industry, I try and look beyond the balance sheets to look at the bigger picture too. No business works in isolation and I spend time trying to understand what impact a deal is likely to have in the communities we serve, for example by safeguarding jobs or creating new roles and the potential broader benefits to others.

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

I suppose the simple answer would be tech industries. The Sheffield City Region's advanced manufacturing park, has seen businesses like Rolls Royce and McLaren invest in the region and this in turn has presented new opportunities for innovative SMEs to thrive. The North has a heritage in manufacturing and for the future prosperity of the North and the country as a whole, we need to support this sector. As I see it the world needs quality not just price driven products.

Proudest career achievement to date.

It's always great to be recognised by your peers so winning the title of Investment Manager of the Year must rank up there!

What do you do in your spare time?

I think it's important to have a good work/life balance right and outside of the office I enjoy spending time with my family.

I've been trying to encourage my daughters to follow in my footsteps and share love of golf and football but my eldest daughter looks after chimpanzees at Monkey World (some say she was brought up by an ape) and my younger daughter is studying Psychology at university probably to understand how my mind works!

LEP Perspective - Jo Lappin, Chief Executive



What challenges are SMEs faced with in your region? What is the LEP doing to ensure smaller businesses can overcome these hurdles?

Cumbria has a complex and unique geography that covers 6,800 sq kms and presents numerous strengths and challenges. SMEs are sometimes faced with recruitment difficulties, skill shortages and transportation issues, as well as a lack of engagement in the export market. Cumbria has low levels of business start-up, limited understanding of the range of valuable support available including sources of finance, and often difficulty recognising that they are a growth business.

The Cumbria LEP's ambition is to help SMEs realise and fulfil their potential. The LEP facilitates a Business Support Group consisting of the main delivery partners, funds a Business

Growth Hub service which delivers support to all businesses and there is a range of business start-up programmes delivered through the Growth Hub, as well as financial opportunities including NPIF.

Cumbria LEP regularly engages with the Universities, Further Education Colleges and Training Providers who deliver skills to businesses and this is supported by our nine employer-led Sector Panels and People, Employment and Skills Strategy Groups. An Internationalisation Strategy is currently being prepared to assist export promotion.

What role does the LEP play in helping to support NPIF activity and helping to ensure the success of the fund?

Cumbria's Steve Curl has a seat on NPIF's Strategic Oversight Board, meaning that our LEP is properly represented and has a voice in the governance and decision making within the Fund.

So far, we have worked with MHCLG to make available £2m from its ERDF allocation to support NPIF investments across Cumbria, ensuring SMEs in the region have access to appropriate finance options to enable them to increase innovation, productivity and create new jobs.

How do you see the collaboration working with the Growth Hubs, LEPs, fund managers and intermediaries?

Across Cumbria, organisations involved in the business support sector are working collaboratively to ensure that SMEs have access to the correct information, advice and guidance.

Key partners including the Cumbria Chamber of Commerce, Universities, Accountants, Banks and specialist business finance firms such as Enterprise Answers are fully up to speed with the support available. This is not just through NPIF, but also more widely through the British Business Bank and other key business support initiatives, where we are able to make referrals to the most appropriate solution for individual business needs.

What impact is NPIF having and why is it a good thing for businesses in the region?

NPIF offers an important finance option for SMEs throughout the North of England, stepping in to provide funding solutions where businesses may otherwise struggle to gain all the support they need through more mainstream options. We are delighted with the initial investments made through NPIF and look forward to seeing further take-up from businesses in our area.