

FOCUS ON County Durham

Summer 2024

North East Fund

Supported by the European Regional Development Fund

The North East Fund has invested in over a hundred County Durham-based companies



By Jason Hobbs,
Chief Executive, The North East Fund



North East Funds' £1 billion impact

Since it was launched in 2018, the North East Fund has built on the work of its two predecessors. Over the last two decades, the three schemes have generated more than £1 billion

of investment in local companies – boosting business growth and creating thousands of jobs.

In total, they've invested almost £400 million in 2,275 North East companies across multiple sectors. The investments have

helped these businesses to secure a further £700 million from other funding partners – generating a £1.1 billion impact in the region.

I don't think any of us who were involved in setting up the funds in the early 2000s could have imagined that they would make such a big impact. The three programmes have invested on average £50 million a year, helping hundreds of companies to launch and grow and acting as a catalyst

Since 2003



£400m
invested

2,275 North East companies secured investment



10,994
new jobs created



£1.1bn
total funding secured



Over
12,600
jobs safeguarded

Since 2018



£128m
invested

435 North East companies secured investment



3,125
new jobs created



£391m
total funding secured



Over
2,200
jobs safeguarded

to strengthen the investment ecosystem in the North East.

The funds have worked alongside multiple partners, including the region's universities, professional advisors and business support agencies, to provide backing for companies which wouldn't otherwise have had the opportunity to develop innovative projects in key sectors including clean energy, manufacturing, digital and low-carbon technologies and life sciences.

Providing funding on commercial terms rather than as grants means that the financial returns from successful investments are re-used to support new companies with the aim of making the funds self-sustaining. Almost £40 million of

the current programme's funding has come from returns on previous investments.

One of the investments which contributed to that was **Intelligence Fusion**, an Akley Heads based security and threat monitoring platform which continues to grow following its 2022 acquisition by Sigma7 in a transaction which generated significant returns for the company's backers, including The Finance Durham Fund.

Working with Business Durham, other business support providers and Durham University helped to generate strong interest in The North East Fund, which has invested in over a hundred County Durham based companies, including **Castle View Group**, **Low Carbon Materials** and **Power Roll**. We

have investees in most of the county's business parks, which highlights the great geographic coverage that our local delivery teams have helped to achieve.

It's nearly 20 years since the former regional development agency, One North East, set up the predecessor to the North East Fund and tasked it with increasing the supply of finance for local SMEs. I'm proud that we've successfully delivered on this vision.

Further information on the North East Fund can be found at www.northeastfund.org. Contact details can be found there and at the end of this newsletter.

Durham means business (parks)

Durham is one of the largest local authority areas in England and companies, entrepreneurs and innovators from all parts of the county have received investment from The North East Fund.

This can be illustrated by taking a North-to-South look at some of the county's business parks, where many North East Fund investees are based.

Charlotte Staerck has transformed **The Handbag Clinic** into a leading authority on designer handbags. The business uses expertise in leather and fabric to offer a restoration service and resale platform. With support from our Venture Fund, the company also now uses Artificial Intelligence and microscopic imaging to assist with its authentication of designer bags, enhancing its 're-commerce' brand and increasing headcount at its Hobson Industrial Estate HQ in Burnopfield.

Our Venture Fund was also an early backer of **Elmtronics** whose expertise with commercial fleet and workplace charging facilities led to it being acquired by Mer, a European EV charging specialist, now growing its UK operations from its base at Consett Business Park. Our Small Loan Fund helped **Renovo Solutions** to buy new state-of-the-art machinery for its specialist tooling manufacturing and refurbishment business in Tanfield South Industrial Estate in Stanley. This helped to release grant funding from the County Durham Growth Fund which, together with some further investment from our funds, has helped the company to establish itself as a premium tooling supplier to some of the UK's largest manufacturing businesses.

Continuing the collaborative theme, our Development Capital Fund has worked alongside Business Durham to invest in **Castle View Group**, one of the UK's fastest-growing pre-employment training and recruitment providers which helps unemployed individuals into work from its HQ at the Drum Industrial Estate in Chester-le-Street. The same funds also co-invested in solar power film manufacturer **Power Roll**. Its neighbour on the Jade Business Park at Seaham, **Low Carbon Materials**, received investment from our Innovation Fund after spinning-out from Durham University and is breaking ground with net zero solutions for the construction industry, including a carbon negative aggregate for concrete. Bowburn Industrial Estate-based **Exploration and Testing Associates** has used investments from our Growth Fund to acquire new laboratory equipment and recruit more staff for its ground investigation and materials testing business.

Our funds have backed a number of tenants at Sedgefield's NETPark, including specialist anti-ageing contract research organisation, **Magnitude Biosciences**, and low-dosage x-ray innovator, **Ibex Innovations**, which has developed technology that enables early identification and treatment of osteoporosis. Our funds have also provided local connections and additional sources of finance for out-of-region companies and investors looking to establish a presence in the North East, including **Pragmatic Semiconductors** which now operates from sites at NETPark and Meadowfield. Support from our current and predecessor funds has helped plastic injection moulding and tooling specialist **Formula Plastics** to grow at Aycliffe Business Park, from where it makes and supplies high-quality injection mouldings into OEMs and tier 1 suppliers in industries including automotive, lighting and electronics.



Charlotte Staerck, Co Founder and CEO at Handbag Clinic Ltd



Power Roll with Maven and Durham County Council



Tony Healer of Castle View Group with Maven and Business Durham



Natasha Boulding, Founder & CEO, Low Carbon Materials

Biotech spinout firm goes for global growth



Dr Fozia Saleem,
Magnitude Biosciences CEO

Our Innovation Fund, managed by Northstar Ventures and which provides funding for early stage businesses with innovative and scalable ideas, has invested in Magnitude Biosciences over the last six years.

The contract research organisation, which spun out of Durham University in 2018 and moved to NETPark in Sedgefield in 2020, is a true County Durham success story.

The innovative company uses tiny nematode worms known as *Caenorhabditis elegans* – *C.elegans* – to carry out pre-clinical drug development and academic research for a range of sectors, including pharmaceuticals, biotechnology, agriculture, as well as health and nutrition. The *C.elegans* nematodes have neurons, skin, gut, muscles, cognitive function and other tissues that are similar in form, function and genetics to those of humans. Using these, Magnitude Biosciences can determine the effects of compounds on ageing, longevity, neurodegeneration and reproductive health in just seven days at a fraction of the cost of alternatives.

Founded by Dr David Weinkove and Dr Christopher Saunters, the company works from lab space and offices in Plexus and Orbit at NETPark. Fozia Saleem became CEO of Magnitude Biosciences in 2022.

Projecting significant growth as it looks to tap into the multi-billion-pound nutraceutical and pharmaceutical industry, Magnitude Biosciences has created 19 jobs since 2018. The company aims to increase its global footprint, increase its range of services and expects to create another 26 positions in the next three years.

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Plastics manufacturer expands with cash injection



Formula Plastics Team with Jonathan Armitage of NEL

Formula Plastics received investment from the JEREMIE Fund in 2010 and from The North East Fund in 2022, helping it to sustain the growth in its customer base and turnover.

The Newton Aycliffe-based firm manufactures high-tolerance precision components for OEM and Tier 1 customers across the UK, Europe and the world.

With a high level of technical capability, the injection moulding firm serves customers in a growing range of sectors – including automotive, engineering, and lighting and electronics. For over 20 years, the firm has managed the full process from tooling design, through to moulding, assembly and supply chain.

At the time of completing the 2022 investment, Formula Plastics' Chairman John Suggett said:

"In common with many companies, the disruption caused by Covid proved challenging for us, but we now see signs of improvement and want to capitalise on the opportunities this provides. Our relationship with NEL has been a crucial factor in the business's success and it made clear sense to talk to them once again about this latest stage of our development."

Investment fuels further growth for Peterlee firm

Peterlee-based Asbestos Audit has used funding from our Small Loan Fund to set up its own in-house laboratory.



Ben Pickard of Asbestos Audit with Susan Snowdon of NEL

The investment meant that the asbestos management business could set up a new testing laboratory at its headquarters, increasing its in-house testing capacity and speeding up materials samples.

Established in 2018, Asbestos Audit has more than doubled its workforce to 42 over the last two years and is expected to create another 18 new jobs and increase annual turnover by £2m to £5.5m by the end of 2024. It is also looking to expand its presence across the UK and seek opportunities in global markets.

The business – which also offers a range of environmental services including site investigation, land remediation and geotechnical assessments – undertakes around 20,000 jobs every year and also works with its clients on planning permission and contamination projects.

Working together to spread the word



The North East Fund exists to provide growth finance to companies in Northumberland, Tyne & Wear and County Durham, and our two External Engagement Officers help to raise awareness of what we can offer across all parts of the region. They attend networking events and hold drop-in sessions at business parks and office locations – often in conjunction with representatives from local authorities and other business support providers. They also keep up to date with the current grant funds and other types of support available from local authorities and business support organisations such as InnovateUK and signpost companies to those programmes and provide guidance on how to access them, as well as venture capital and loan funding.

Andrew Gibson focuses on County Durham and holds drop-in sessions at the likes of NETPark, Chester-le-Street CDC and East Durham and Tanfield Business Centres. Some of these have been held in conjunction with representatives of Business Durham and grant delivery partners such as UMi. Andrew can be contacted by companies looking to discuss finance and support options, or by other business support agencies looking for assistance in promoting their programmes, on 0191 211 2300 or andrew.gibson@northeastfund.org

Andrew provides guidance on the evolving business support landscape