

FOCUS ON Northumberland

Summer 2024

North East Fund

Supported by the European Regional Development Fund



Over fifty Northumberland companies have received investment from the North East Fund



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 to the

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

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 and 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 Cramlington-based electric vehicle powertrains maker **Avid Technology**. Its specialist technology enables heavy construction vehicles to operate using battery power rather than internal combustion engines. It received investment from all three finance programmes going back to 2005 and was acquired by clean energy company **Turntide Technologies** in 2021.

The US company invested over £100 million when it bought **Avid, Hyperdrive Innovation** and **Borgwarner Gateshead**, which together became Turntide's transport division with the aim of streamlining the electrification of commercial and industrial vehicles.

Over fifty Northumberland companies have received investment from The North East Fund covering a range of activities, including luxury hamper maker **Heather**

and Bale in Alnwick, Prudhoe-based advanced material manufacturer **Dragonfly Insulation**, and Morpeth's equine and poultry food maker **Silvermoor**.

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.

Businesses interested in funding should contact James Holloway on 0191 211 2300 or via email at info@northeastfund.org. Further information on the North East Fund can be found at www.northeastfund.org.

Investments spur growth at Cramlington engineering firm

A growing Northumberland engineering business has opened up a new revenue stream with the backing of a second investment from the North East Fund.

Cramlington-based **Advanced Composites Engineering** manufactures premium quality composite tubing for businesses across a wide range of sectors, from defence and aerospace through to sports equipment, marine and other commercial and industrial applications.

In 2021 Advanced secured an initial £95,000 investment from our Small Loan Fund, which allowed it to secure the initial resources it required to service more and bigger clients within and outside of its home region. The company then received a further £150,000, this time from our Growth Capital Fund, to support the delivery of a new service.

The investments enabled the firm to take on full responsibility for manufacturing and supplying a customer's 50-piece industrial cleaning kit which is used by prestigious clients around the world. This gave Advanced complete control of the production process, allowing it to respond quickly to the customer's changing needs and to manage the manufacturing process much more efficiently.

Two new jobs were created as a result of the contract and Advanced is gearing up to build its presence in the US market on the back of it.

As well as creating composite tubes, the company also offers additional services including surface machining, drilling, milling and turning, enabling it to deliver assembly-ready components or products to its clients.



L - R: Jane Siddle of NEL Fund Managers with Anthony Wilson and Don Robinson of Advanced Composites Engineering

Dragonfly raises £935,000 to scale next-generation aerogel technology



L – R: Tom O'Neill, Investment Manager, Northstar Ventures with the Dragonfly Insulation team

A near-£1 million investment package has supported Dragonfly Insulation's growth and expansion into new markets.

The advanced materials manufacturer, which was spun-out from Newcastle University in 2020, raised £935,000 in an investment round led by our Innovation Fund, alongside angel investors and £300,000 of grant funding from Innovate UK's Future Economy Investor Partnership programme.

The company used the investment to expand its team of staff, move to larger premises in Prudhoe and scale up its groundbreaking aerogel technology. Its simplified method of manufacturing silica aerogels reduces production costs and carbon emissions and enables the use of aerogels in high-value sectors including energy, process industries, construction, marine and air applications, together with electric vehicles and future fuels.

The aerogel has excellent thermal and fire-resistant properties and, due to Dragonfly's unique manufacturing process, can be produced in a variety of forms including panels, granules and powders. Unlike other manufacturers, Dragonfly can also produce bespoke formats for specific-use cases.

Dragonfly raised £935k in an investment round led by our Innovation Fund

Small Loan Fund is just the tonic for luxury gifts firm



Heather and Bale co-directors (from l-r): Laura Millar, Carolyn Wilson and Susan Smith with Jonathan Armitage, investment executive at NEL Fund Managers

Our Small Loan Fund has invested more than £1 million in 22 Northumberland firms since 2018.

These companies have used the loans for multiple purposes, including taking on new staff, moving into bigger premises or developing new products. The fund supported companies across a wide range of sectors including retail, manufacturing and information technologies.

One of the borrowers is **Heather and Bale**, a luxury hamper and gifts business established in 2020 in Alnwick by Carolyn Wilson, Susan Smith and Laura Millar. The business works directly with local independent artisan food and drink producers to design and curate a range of luxury hampers and gifts, which are sold to private and corporate clients across the country.

Heather and Bale secured £50,000 from our Small Loan Fund in 2023 to bolster its digital marketing and advertising campaigns and support its recruitment drive. The investment is also helping to further enhance the company's presence in the corporate gifting sector, where it already works with clients including Paul Smith, Accenture and Broadchare Partners.

Investment paves way for Cenelec's European expansion



Jonathan Gibson of Cenelec Standards Inspections (left) with Mike Guellard of NEL Fund Managers

A hazardous area inspection firm is expanding its presence in continental Europe with the help of a six-figure investment.

Cenelec Standards Inspections (CSI) – which specialises in electrical, instrument and mechanical hazardous area inspection, maintenance and repair – received a £350,000 loan last year from our Growth

Capital Fund to fuel its latest international expansion. It was the fifth time CSI had received investment from our current and predecessor funds, with previous capital being used to support the development of a high quality training centre and secure new business.

The Cramlington-headquartered firm had won a major new contract with Cargills, a global food, agriculture and bio-industrial business, which saw members of the CSI team working in Cargills' facilities across Europe. Around 40 new jobs were created through the contract, and CSI used the

Growth Capital Fund investment to bring in the staff and equipment required to manage its growing continental workload.

Founded in 1986, CSI has around 110 personnel working with around 300 clients of all sizes in countries around the world and is on a mission to double its annual turnover to £10 million. It helps companies operating in potentially explosive onshore and offshore environments, such as oil rigs and refineries, distilleries and chemical plants, to meet their extensive health and safety statutory obligations.

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 LAs and business support organisations such as InnovateUK. They signpost companies to those programmes and provide guidance on how to access them, as well as venture capital and loan funding.

James Holloway focuses on Northumberland and holds drop-in sessions at the likes of The Hub in Cramlington and the Beaumont Hotel in Hexham. James 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 to Northumberland-based companies, on 0191 211 2300 or james.holloway@northeastfund.org

Prudhoe education group looks East for further expansion

An ambitious Northumberland-headquartered education consultancy is looking to make its mark in the Far East after securing a second six-figure investment from the North East Fund.

National Learning Group (NLG), which offers educational support and tutoring services for learners of all ages, received £150,000 from our Growth Capital Fund and is forging ahead with plans to break into the flourishing Teaching English as a Foreign Language market for adults. The first stage of this plan is to establish a service in Taiwan before moving into the much larger Chinese market and on into continental Europe.

NLG had previously secured investment from our Small Loan Fund to enhance its management systems, processes, infrastructure and website, and embark on a recruitment drive to service growing demand for its services.

