

# Social Impact Report

31 March 2021



NEL Fund Managers is an employee-owned fund management company, specialising in achieving blended returns and positive impact for our investors. The place-based economic generation funds that we have managed for over 30 years have varied in geography and although our main focus has been on the North East of England, we have partnered to invest funds across the UK and further applied our fund management experience and expertise to areas as far reaching as the UAE.

Since NEL was founded in 1989, we have managed 13 investment funds with a combined value of over £108m.

We are currently responsible for managing the North East Small Loan Fund and the North East Growth Capital Fund which are supported by the European Regional Development Fund; both have a mission to increase

economic prosperity and environmental sustainability.

Strengthening our  
**local economy**  
by accelerating  
the **potential**  
of ambitious  
**North East**  
businesses.

We are actively seeking funding applications from businesses who apply innovative thinking to solve major issues

both locally and nationally.

The North East Local Enterprise Partnership recognises some of the major focus areas within our region to be business & sector growth, innovation and skills, employment, inclusion and progression. These fit perfectly with NEL's drive to invest in ambitious, forward thinking businesses who can not only create opportunities for employment but create opportunities for better and higher paid positions thereby keeping North East talent in the Region where they can contribute to the prosperity and economic health of the area.

In addition to the impact goals mentioned above, we are also looking to speak to businesses who have the ability to provide solutions to address the United Nations' 17 Sustainable Development Goals.



# Welcome to NEL Fund Managers' Social Impact Report 2021



## Thank you for reading our 2021 Impact Report

This time last year we were at the beginning of the Covid-19 pandemic with little insight into the catastrophic effect it would have on our lives, both personally and in business. Although it has been a difficult time for so many of us, on reflection I can look back on

it with great pride as a year of agility, creativity and sheer determination amongst our portfolio of invested businesses and the wider North East business community. In seeing their strength through those difficult times, I am optimistic that the North East will succeed in its endeavours to build back stronger.

The NEL team have also excelled in proving their commitment to our mission both by finding creative solutions to finance the growth of local businesses, as well as enabling their success by providing bespoke individual support and tailored business support programmes. Despite some of the worst economic conditions in recent history, we are delighted that we've been able to continue our focus on strengthening the economy and supporting job creation by investing in and nurturing the growth of some of our Region's best businesses.

We have also advocated innovation and made steps to ensure that we could make finance more accessible to those who needed it most and to recognise and enable the growth of the types of businesses best placed to drive economic prosperity. These steps include NEL gaining accreditation from the British Business Bank to deliver Coronavirus Business Interruption Loan Scheme (CBILS) investments, partnering with Startup Awards North East to support the emerging trend of ambitious start-up businesses

and together with Northumbria University and Research England, creating and launching the Purposeful Health Growth Accelerator, a programme developed to further enhance the innovation and growth of businesses within the health, wellness and care sectors.

It's fantastic too, to have the team's commitment to NEL's mission recognised, first by being welcomed into the Responsible Finance community, a group we are honoured to be a part of and secondly by receiving the North East Insider Dealmaker Alternative Funder of the Year award, in recognition of our response to the Covid-19 pandemic.

Projecting forward, this year we will be looking to invest through our two current funds under management, the North East Small Loan Fund and North East Growth Capital Fund in yet more businesses who we can work with to help maintain the momentum of positive impact. Our focus over the next 12 months will be on helping to rebuild our economy and providing accessible finance to invest in businesses that are creating opportunities for employment, supporting a healthier, safer and more resilient community, fostering innovation and creating a cleaner and greener place for us all to live. If you would like to access investment funding to support the growth of your business, we would always welcome a conversation.



# Yvonne Gale - Chief Executive's Statement







The Purposeful Health Growth Accelerator, a programme created and delivered by Northumbria University and NEL Fund Managers and backed by funding from UKRI Research England Development (RED) Fund went live in July 2020. The programme was designed to build on the product, process and service innovations implemented by many regional firms in response to the needs and opportunities presented by the Covid-19 pandemic, as well as looking at wider commercial opportunities available within the health, wellness, and care sectors.

Successful programme participants benefitted from access to Northumbria University research expertise, as well as a bespoke package

of business support from both the University and NEL that will help them prepare for expansion. NEL also ringfenced investment capital to help selected participants realise their growth potential through implementing the ideas within their business plans.

A range of information and knowledge exchange events also took place as part of the scheme.

We look forward to bringing you information on the overall success of this programme when it comes to a close later this year.

# Purposeful Health Growth Accelerator



## Within the year ending 31st March 2021

**42**  
**£4.7m**

Investments  
Made/Value

**139**

Job  
Created

**2034**

Hours of business  
support provided

NEL invests its current funds with an overall goal of creating economic prosperity for the Region. We do this by investing in a wide range of eligible sectors. We promote innovation by supporting the creation and implementation of new products, as well as investing in the growth of businesses which have the potential to create better jobs within the North East. The investments made within the period have unlocked a further £2.6m of private sector leverage and in addition to the jobs already created in the year, have plans to create a further 201 over the life of the investments.

**11**

Different Sectors  
Supported

**22**

Businesses aim to  
create new products

**£2.6m**

Funds  
Levered



## Current Investing Funds

Newcastle-based Big River Bakery is a social enterprise which specialises in slow ferment, handmade breads, savoury goods and sweet treats made with British flours and local ingredients, and aims to contribute to the well-being of its community by sharing the skills of its bakery team.

Last year Big River Bakery relocated to a new base on Wretham Place in Shieldfield, which combines a production facility, café, retail space and training hub.

The Bakery worked with regional fund management firm NEL Fund Managers to secure a £25,000 investment to purchase additional baking equipment for its new premises which will enable it to expand its retail and training operations.

The new equipment was originally due to be installed in the week after lockdown began and was stuck in a factory in Manchester for over three months, during which time the team refocused activities on supporting its community by delivering food parcels and baking kits to local homes.

The bakery launched a new training programme for people living in the city who face a range of barriers to employment, which will run for two years and is part of the Community Led Local Development programme funded through the European Social Investment Fund and Life Chances Fund.

It focuses on helping adults from Newcastle's most deprived postcodes through hands-on training in developing baking, barista and shop skills, with the participants' delicious products being sold through a 'pay what you feel' shop every Monday and Tuesday.

Big River Bakery was founded over eight years ago by Andy Haddon while he was working as a senior researcher at Newcastle University's Sustainability Institute, and began life as a volunteer run bakery, with

its loaves sold on Saturday mornings in the library in Andy's home town of Wylam in Northumberland. As operations began to grow, its products went on sale at a number of different markets around the region, while community kitchens around the region were used to run baking courses for people aged from two to 102 years old.

Andy Haddon says: "The overall idea behind the project is to make healthy local food affordable for everyone, to use baking as a means of bringing diverse communities together and to help create pathways to employment.

Jonathan Armitage, investment executive at NEL Fund Managers, adds: "Big River Bakery is a fantastic business that has a big local impact in several different ways and their ambitions to build on what's already been achieved are extremely admirable."

## Case Study - Big River Bakery







GME Industry specialises in designing, installing and maintaining a wide range of commercial and industrial electrical services and works as both a main and sub-contractor with SMEs, property management firms and blue chip businesses right across the UK.

Over the last couple of years, GME has been increasing its focus on the green energy and energy efficiency sectors, helping clients find different ways to reduce their energy usage, costs and environmental impacts.

Discussions are ongoing on projects involving the development of new electric vehicle networks and charging infrastructure, while it is aiming to increase the number of energy efficient LED lighting system(s) that it retrofits to locations including schools, universities and NHS buildings. It is also expecting to add to its current nine-strong team as the business grows, with plans already in place to recruit a number of apprentices later in the year.

Craig Morgan, who set up GME Industry with business partner Steve Black in 2012, says: “We’ve built up a solid understanding of the different aspects of the energy efficiency market and a track record that shows we can

deliver what clients want quickly and on budget. “Improving the UK’s electric vehicle infrastructure is one of the hottest topics in British industry at the moment and the conversations we’re already having on different projects in this area are extremely encouraging.

“The cost savings now available through retrofitting modern LED lighting systems into public buildings mean clients can get their money back in as little as a year, while also substantially reducing their carbon footprint, and we’re expecting to see many more organisations realising the long-term benefits of making this initial investment.

“We’d had a number of conversations with NEL about different ideas and when the time was right, the investment team was really supportive in helping us get things done.”

Mike Guellard, investment executive at NEL Fund Managers, adds: “GME Industry has already demonstrated its energy efficiency credentials and it now has the resources required to make swift progress in markets where the opportunities are almost limitless.”

# Case Study - GME Industry

<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>13</b> CLIMATE ACTION 
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Dolphin Stairlifts (North East) and Shape Adaptations have been bought by Stephen and Mary Smith and brought together to form the new Depend Group, which will act as a one stop shop for elderly and disabled people who need assistance to continue living safely and independently in their homes. Up to four new jobs are expected to be created as the business grows, while Stephen and Mary's son Christopher has joined the business to run the Dolphin side of its operations.

Shape Adaptations was set up in 2007 as a result of Stephen and Mary having to make changes to their own home to meet the mobility and personal needs of their other son James, who uses a wheelchair, and realising there were many other families facing similar situations.

After working collaboratively with Dolphin Stairlifts, the North East's leading independent supplier of stairlifts and mobility products, on a number of projects, Shape was acquired by Dolphin's owner Bob Lines in 2012, with Stephen continuing to manage Shape's operations ever since.

Stephen Smith says: "Taking advantage of the opportunity to take on

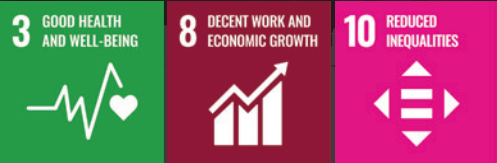
both businesses and bring them together made clear sense and gives us a strong platform on which to build their operations by combining the teams' impressive skillsets.

"We know from our own experience the challenges that individuals and facilities face in adapting their living spaces and the bespoke solutions we create in response to individuals' particular situations are based upon many years' practical experience.

"With Bob looking to retire, we examined the different growth funding options available and NEL's early enthusiasm for our proposal made them stand out, with the excellent advice and support we had from both RMT and Hay & Kilner keeping everything moving along as we wanted."

Jane Siddle, investment executive at NEL Fund Managers, adds: "The professional and personal experience that Stephen, Mary and Christopher bring to the business make a powerful combination, and it now has the resources required to continue to develop its presence across the region."

# Case Study - Depend Group





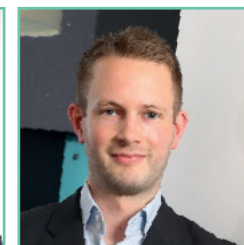
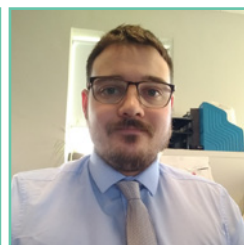
# NEL Fund Managers Limited

## Employee Owned Trust since 2016

NEL Fund Managers is an employee-owned fund management company, meaning our 16-strong team are fully committed to the mission, core values and success of the business.

NEL values its people and resolves to support and develop them. Within the year, two members of the team were promoted to more senior positions in recognition of their contributions to the success of NEL in their respective roles. Mark Wharton was promoted to the position of Senior Portfolio Executive and Suzanne Smith to Marketing Manager.

Also within the year, Carolyn McGregor, Business Development Executive completed the Institute of Leadership & Management (ILM) Level 5 Endorsed Coaching Programme with additional pass in "Future Leaders Journey", Sam Clark, Administrative Assistant completed an NVQ Level 2 in Business Administration and immediately started work on Level 3, and both Abigail Cook, Investment Associate and Mike Guellard, Investment Executive have started working towards a Level 7 Accountancy Qualification.



## About Us

## Within our community we...

- Gave blood
- Hosted free Pilates classes
- Volunteered at Cricket & Rugby clubs
- Volunteered for Gateshead Mutual Aid Effort (Covid Response)



## Promoted Responsible Investing and Good Business Practices by ...

- Becoming members of Responsible Finance
- Signing the Investing in Women Code
- Joining the FundHer North Steering Committee
- Supporting the North East Initiative on Business Ethics
- Signing the Prompt Payment Code
- Joining Network for Good



## Raised money for charity through...

- Murder Mystery events
- GNR Solo
- Free Pilates Classes
- Monthly Donations







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