

# Social Impact Report

31 March 2022



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. Those that 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 2022



## Thank you for reading our 2022 Impact Report

I am delighted to be able to present you with NEL Fund Manager's 2022 Impact Report.

Whilst this year has seen challenges continue to extend from the results of Covid-19, and

new barriers to growth emerging from our exit from the EU, it has also seen an exciting rise in business start-ups, record levels of innovation, and more accessible finance being made available to help businesses grow back stronger.

I am pleased to say that I am already seeing these opportunities having the desired effect on the local economy and very much welcome the diverse and vibrant business population emerging as a result.

Ensuring that new and existing businesses have the finance and support they need to start-up, transform and thrive is something we are passionate about and we're proud to announce that this year has been our busiest ever investment year.

I would like to take this opportunity to thank the NEL team for their ongoing energy and commitment to the organisation's mission. Our inclusive finance has enabled the growth of businesses at all stages, across many different business sectors, for a widely varied range of purposes. We are able to invest where other finance providers can not and as a result are empowering phenomenal business successes

and extensive positive impact at all levels.

We remain focussed upon strengthening the economy and supporting job creation by investing in and nurturing the growth of some of our Region's best businesses. Over the next 12 months 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.

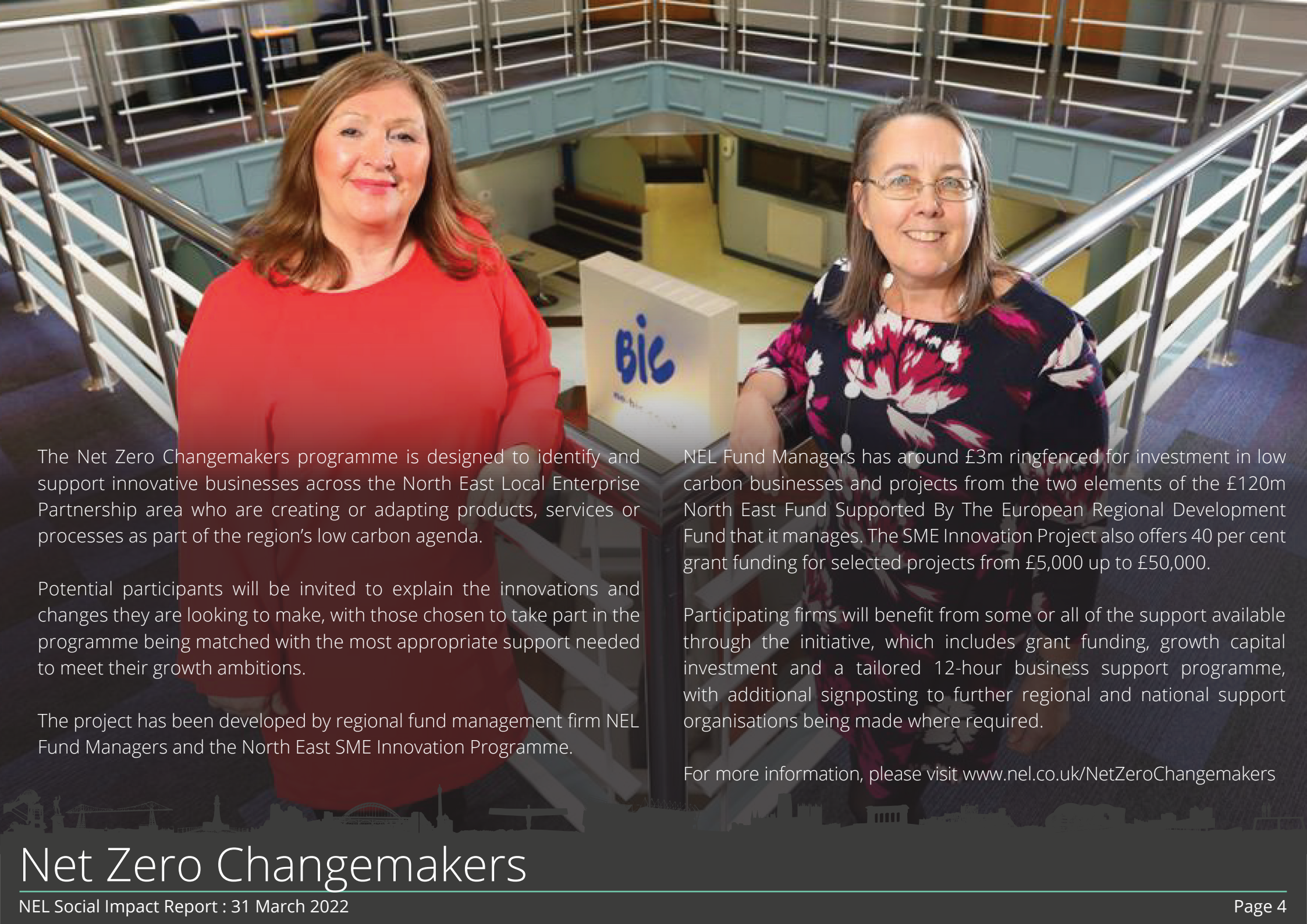
We will also be increasing our drive to support businesses on their Net Zero journey with the launch of our new Net Zero Changemakers programme (see p. 4).

To discuss any part of this report, or 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 Net Zero Changemakers programme is designed to identify and support innovative businesses across the North East Local Enterprise Partnership area who are creating or adapting products, services or processes as part of the region's low carbon agenda.

Potential participants will be invited to explain the innovations and changes they are looking to make, with those chosen to take part in the programme being matched with the most appropriate support needed to meet their growth ambitions.

The project has been developed by regional fund management firm NEL Fund Managers and the North East SME Innovation Programme.

NEL Fund Managers has around £3m ringfenced for investment in low carbon businesses and projects from the two elements of the £120m North East Fund Supported By The European Regional Development Fund that it manages. The SME Innovation Project also offers 40 per cent grant funding for selected projects from £5,000 up to £50,000.

Participating firms will benefit from some or all of the support available through the initiative, which includes grant funding, growth capital investment and a tailored 12-hour business support programme, with additional signposting to further regional and national support organisations being made where required.

For more information, please visit [www.nel.co.uk/NetZeroChangemakers](http://www.nel.co.uk/NetZeroChangemakers)

# Net Zero Changemakers



## Within the year ending 31st March 2022

**64**  
**£6.2m**

Investments  
Made/Value

**258**

Job  
Created

**1269**

Hours of business  
support provided

NEL invests its current funds with an overall goal of creating economic prosperity and positive social and environmental impact 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. We also seek to attract businesses contributing to the Region's low carbon agenda and only invest in businesses with a positive environmental approach.

**15**

Investments made into  
businesses supporting the  
regions low carbon agenda

**15**

Investments made into  
female led businesses

**£6.1m**

Funds  
Levered



## Current Investing Funds





National Learning Group offers educational support and tutoring services for learners of all ages which are delivered remotely by a fast-expanding network of around 150 classroom-experienced teachers with the backing of its growing Prudhoe head office team.

The business, which has seen its turnover grow by more than 600% over the last year alone, facilitates one-to-one Maths and English tuition in the UK for young people from Reception up to GCSE level, as well as providing Adult learning, A Level, special educational needs and entrance examination services.

It is now looking to use its success to break into the flourishing Teaching English as a Foreign Language (TEFL) market for adults by first establishing a service in Taiwan before moving into the much-larger Chinese market and on into continental Europe.

Since receiving its first NEL investment, National Learning Group has doubled its head office team to 16 people, with recruitment continuing for further North East sales and administration roles.

Founder and managing director Oliver Batten says: "Our core business is continuing to perform well and we're now looking to build on our achievements so far in what is potentially a huge new market for us. Our initial focus is on adult learners, with government workers and business people being a key focus, and we've brought in new staff who have the knowledge and experience of Far East markets required to get everything up and running quickly.

"We've developed a high-quality product that will be delivered by highly-qualified and experienced tutors who have all had extra training from us to ensure they're delivering fully on what we promise our clients.

"It was always part of our strategy to go back to NEL for this additional capital and the investment team was really helpful in getting this latest deal done."

Jane Siddle, senior investment executive at NEL Fund Managers, adds: "Having access to growth capital at successive stages of their development is essential if ambitious North East firms are going to be able to fulfil their potential and we've worked with many successful businesses on multiple occasions to enable them to do just that."

# Case Study - National Learning Group





A specialist North East manufacturer is aiming to make a global impact with its unique sustainable offshore industry technology with the help of a six-figure investment from the North East Small Loan Fund Supported by The European Regional Development Fund.

OES Group designs, manufactures and supplies cathodic protection and anti-fouling systems for use in the offshore wind, maritime and harbour industries, and has developed a world first anti-corrosion system for offshore wind farms which not only offers a lower carbon footprint than existing solutions, but is also technically superior and more cost-effective.

OES, which recently moved to larger premises in Birtley as part of its growth strategy, is expecting to create up to ten jobs over the next six months as its operational needs develop and is also aiming to double its current annual turnover by the end of 2022.

Managing Director, Rob Forsyth says: "Offshore wind turbines are entering deeper and deeper waters, while the structures to support the turbines are also having to get bigger to both support the larger scale modern turbines and sustain the larger loadings they are encountering in the new harsher environments. A new environmentally and structurally sustainable solution was required to protect the submerged structures, and in response, we

have developed an Impressed Current Cathodic Protection (ICCP) system for installation on an anode cage which allows complete corrosion protection of the submerged structure.

"The system further offers a 95% carbon footprint reduction in comparison to the traditional methods of aluminium anodes which release significant amounts of material into the ocean to offer its protection.

"The NEL team took a practical approach to assessing where we are now and where we want to be, and really dived into the business plan to find out how this investment would help us get there."

Mike Guellard, investment executive at NEL Fund Managers, adds: "OES offers highly specialised products in an extremely active and lucrative market, and has the potential to make an even bigger impact with its innovative new protection system.

"Investing in businesses that are focused on low carbon and sustainable ways of working is a key focus for the North East Fund and we're actively looking to increase the number of this type of investments that we make through this year and beyond."

# Case Study - OES Group

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

13

CLIMATE ACTION





Lylalife supplies a range of high-quality urinary incontinence products which are delivered directly and discreetly to customers, with a monthly repeat order service available alongside one-off purchases.

Founded 18 months ago, the Durham-headquartered business has so far only advertised its products through Facebook, but has already managed to build a customer base of over 5,000 buyers right across the UK.

After working with regional fund management firm NEL Fund Managers to secure the £100,000 Small Loan Fund investment, Lylalife is now aiming to increase this number to 50,000 over the next two years.

A major marketing campaign is being planned for the new year, with advertising slots booked on ITV, Sky Television, Classic FM and Smooth FM to help build greater awareness of the Lyla brand, which stands for Live Your Life Again.

Around 20 new North East jobs are expected to be created with the planned expansion of the business, which also has premises in Newcastle.

Managing director Wayne Dobson says: “The products we supply are

quite expensive to buy in the shops and experience shows that the quality can be variable, while some customers can naturally feel a bit awkward about being seen taking them off supermarket shelves.

“My existing commercial relationships with manufacturers in the sector meant we were able to source quality products very economically and allowed us to assemble a best-in-class initial product range.

“Being able to access capital from within the region was an important factor for us. When we looked at what was available here, the scalable model offered by NEL was the obvious choice and we’re already considering how we might use further growth investments in the future.”

Jonathan Armitage, investment executive at NEL Fund Managers, adds: “Lylalife has already demonstrated customer demand for its high-quality products and its business plan shows a clear path for how it will be able to scale up significantly over the next couple of years.”

# Case Study - Lylalife





# 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.

This past year has seen the team transform NEL's finance offering by gaining accreditation from the British Business Bank to invest through the Recovery Loan Scheme. They have also created innovative business support programmes and delivered many hours of one-to-one support. In addition, they've been supporting the next generation of the Region's entrepreneurs by volunteering their time and expertise to applicants of the Startup Awards North East 2022. All of which was carried out to ensure that the North East business community has the best chance possible to grow and prosper.



## About Us

## Within our community we...

- Gave blood
- Planted trees
- Hosted free Pilates classes
- Volunteered at Cricket & Rugby clubs

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

- Complying with the code of practice as members of Responsible Finance
- Signing the Investing in Women Code
- Partaking in the FundHer North Steering Committee
- Supporting the North East Initiative on Business Ethics
- Signing the Prompt Payment Code
- Championing the Regions' low carbon agenda and launching the Net Zero Changemakers programme

## Raised money for charity through...

- 'Pilates instead of coffee'
- Great North Run
- Hosted afternoon tea
- Climbing Helvellyn
- Race for Life
- May 5k Running Challenge
- Monthly Donations



Everyone's home of cancer care



## More About Us





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