

# Social Value Report

31 March 2023



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 Value Report 2023



## Thank you for reading our 2023 Social Value Report

I am delighted to be able to present you with NEL Fund Manager's 2023 Social Value Report.

This being my first year as CEO of NEL, I'd like to highlight the successes we've experienced as a team and wider business community over the past year. I'm also keen to share with you our future focus as we drive the business forward with its mission of strengthening the economy and supporting job creation by

investing in and nurturing the growth of some of our best businesses.

Whilst reflecting on this past year, it's important to note the economic difficulties that businesses have had to deal with, including supply chain delays, labour shortages, the energy crisis, inflation and the war in Ukraine.

However, despite this, we've taken confidence from the attitudes and determination of our many current and potential investees, and the ways in which they're working to overcome them. Overall, they seem to be coping better than might have reasonably been expected, which is testament to the resilience and resourcefulness of our business community.

This strong growth mindset amongst businesses and the commitment of our skilled team has led to NEL completing its busiest ever investment year (year ending 31st December 2022) for the second year running.

The value of investment placed has a huge impact not only on the businesses who receive it, but also on the wider economy as they put their sustainable growth plans in place and create jobs, influence positive environmental

progress and improve outcomes for the whole community. You can read later in this report the many positive results to come out of the investments we've made.

Looking forward now, we're delighted to have a continuation of funding to invest in ambitious and robust businesses throughout 2023. With this growth capital, we'll be looking to invest across a wide range of sectors, whilst also increasing our focus to engage with businesses that support the low carbon and Net Zero agendas.

Putting ESG principles at the heart of their operations is fast becoming essential for every type of business, rather than simply something that's the right thing to do and it impacts not just on their own ways of working, but on their suppliers, customers, stakeholders and employees. As a team, we look forward to working with these inspirational businesses and making an even bigger impact in 2023 than ever before.

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.



# Jonathan Luke - Chief Executive's Statement

## Within the year ending 31st March 2023

**56**  
**£5.25m**

Investments  
Made/Value

**380**

Jobs  
Created

**1560**

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.

**30**

Investments made into  
businesses supporting the  
regions low carbon agenda

**25**

Investments made into  
female led businesses

**£4.2m**

Funds  
Levered



## Current Investing Funds





The Newcastle-based firm, McGrady Clarke Group, provides business energy management and sustainability solutions to clients across the globe, helping them quantify and reduce carbon emissions associated with their operations, maximise value from the market and improve onsite efficiency. The business operates across all areas of the low carbon sector, from carbon reporting through to delivering legislative compliance around Streamlined Energy and Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS).

It also works within corporate power purchase agreements, energy purchasing and managing renewable technology integration projects for its clients and develops, implements and manages market leading Net Zero strategies for clients across a wide range of sectors, including manufacturing, leisure, construction, retail, transport and property management.

Fergus McGrady, who founded the business with fellow director Theodore Clarke in 2019, says: “A business’s journey to true sustainability is about much more than just box ticking. It encompasses every part of its operations, all aspects of the life cycles of its products and services and even the way in which the firms in its supply chain choose to operate.”

The detailed carbon consultancy work we do gives clients a clear, practical and individualised picture of how they can make improvements, the technologies and processes they need to do so and the environmental and cost benefits they can expect to see as a result.

Mike Guellard, Senior Investment Executive at NEL Fund Managers, adds: “Low carbon investments such as this one are a real priority for the North East Fund and we’re pleased to be adding another ambitious regional firm with this focus to our investee portfolio.”

# Case Study - McGrady Clark

<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>13 CLIMATE ACTION</p>
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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.

Formed at the start of 2021 by a team of experienced engineers who had previously worked together, the Cramlington-based firm has now taken on full responsibility for manufacturing and supplying a customer's 50-piece industrial cleaning kit that is used by household name clients around the world.

The new contract gives Advanced complete control of the production process, allowing it to respond quickly to changing customer needs and manage the manufacturing process much more efficiently.

In 2021 Advanced Composites Engineering secured an initial £95,000 investment from the North East Small Loan Fund which allowed it to secure the initial resources it required to service more and bigger clients within and outside its home region. It has since come back to

NEL for a further £150,000, this time from the North East Growth Capital Fund to support the delivery of its new service line.

Two new jobs have already been created as a result of the new contract, with more expected to follow through the coming year and plans are also being put in place to build the company's presence in the US market on the back of it.

Having surpassed last year's target of increasing its turnover by twenty per cent, Advanced Composites Engineering is now looking to increase it by a further 40 per cent in 2023. Don Robinson, Director at Advanced Composites Engineering, says "Being effectively given responsibility for our client's reputation with their customers is a real vote of confidence in the quality of service we provide and the reliability with which we deliver on our promises".

"Taking on this new contract and bringing in other additional business gives us a greater degree of certainty on our business forecasting, but also means that we need to increase the stocks of raw materials that we hold in which we need to make further capital investment".

# Case Study - Advanced Composites Engineering

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

13

CLIMATE ACTION





North Tyneside trade services, Clementine Services, provides repair, installation and maintenance services for homes, businesses and public sector organisations right across the North East.

Over the last year, it has begun to grow its presence in the green installations sector, installing increasing numbers of electric vehicle charging points, solar power panels, battery systems and air and ground source heat pumps around the region.

After obtaining the £100,000 investment, Clementine is now bringing in the additional resources it needs to capitalise on this growing demand. Up to a dozen new jobs are expected to be created in the coming months as the business grows, with Clementine investing in new equipment and vehicles, upgrading its website and investing in additional business development work.

The company will continue to focus on the North East for now, but plans to

expand outside the region as it scales up its operations and aims to eventually have a 50-strong team of installers in place.

Mark Black, Managing Director at Clementine Services, says: “The drive to reduce our collective impact on the environment has seen demand for green installations grow substantially, among both domestic and commercial customers”.

“These green technologies allow people and businesses to be part of making a positive change to the way we all live and we know there’s a lot more we can do in this area”.

“We’re aiming to manage the speed of our expansion carefully, so that we provide a positive working environment for our team while also delivering the highest standard of work to our customers and we’re confident that we can scale the business up to become a national operator in time”.

# Case Study - Clementine Services

<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>13</b> CLIMATE ACTION 
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## Employee Owned Trust since 2016

Within the year NEL's Portfolio Director, Jonathan Luke, was promoted to Chief Executive as his predecessor, Dr Yvonne Gale, took the decision to step down from the position. Yvonne led NEL for seven years and we're very pleased to be retaining her expertise as a non-executive director.

Jonathan has taken on the role at an exciting time for NEL and plans to focus on both delivering our existing contracts whilst continuing to evolve new ways of working that will help develop new income streams and win new contracts to enable the team to continue with our mission of increasing economic prosperity and environmental sustainability in the areas that we work.

This past year has also seen NEL welcome three new members to the team. Paul Scott has joined as Chief Investment Officer to strengthen the leadership team and provide his decades of experience in business investment and portfolio management expertise. Further, Susan Snowden and Sarah Carr have joined the investment team to boost the team's capability of making more investments into ambitious, growing businesses.



# 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 running the Net Zero Changemakers programme

## Raised money for charity through...

- Coffee Morning
- Great North Run
- Raffles
- Race for Life
- 100k May
- Music by the River event

## Donated money to charities including:

- Marie Curie
- RNLI
- RSPCA
- British Heart Foundation
- Greenpeace



## More About Us

At NEL Fund Managers we evidence our commitment to good environmental, social, and governance practices through our commitment to various codes of practice, set out below, various badges for which are proudly displayed on our website, reflecting the commitments to good practice we are officially pledged to.

Environmental issues are a key issue to NEL Fund Managers. To reflect this, we have officially committed to the SME Climate Hub, meaning that we have pledged to act by completing the commitment to halve emissions by 2030, achieve net zero by 2050, and report on our progress on an annual basis. We have made the commitment as recognition of, and in support of, the United Nations Race to Zero campaign.

Social justice is imperative to our work at NEL Fund Managers. This is evidenced through being a contributor to the North East Initiative on Business Ethics (NIBE), promoting ethical business across the North East, committing to and regularly reporting to the Investing in Women Code, a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector, being a member and regular supporter of Fund Her North, improving access to funding for female-led businesses, and being a member of, and reporting regularly to, Responsible Finance, enabling investment to flow into communities to create positive economic, social and environmental impact.

One of the members of the board of directors at NEL Fund Managers is also a committee member on the North of Tyne Creative and Cultural Partnership, encouraging and enabling creativity and the spread of culture, as well as improving diversity and inclusion across the region by championing a variety of backgrounds, perspectives, identities and talents.

Ethical governance is at the heart of our day-to-day operations at NEL Fund Managers. We have demonstrated this by committing to the CFA Institute code of Ethics, the benchmark for professional conduct for investment professionals around the globe, committing to the Good Work Pledge, working to make poor employment a thing of the past, and by signing to the Prompt Payment Code, a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (OSBC), encouraging good practice by demonstrating openness, honesty and integrity within financial terms, and supporting small businesses by paying 95% of invoices within 60 days, paying 95% of invoices from businesses with fewer than 50 employees within 30 days, and reporting annually on our payment performance.



# Accreditations and Commitments





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