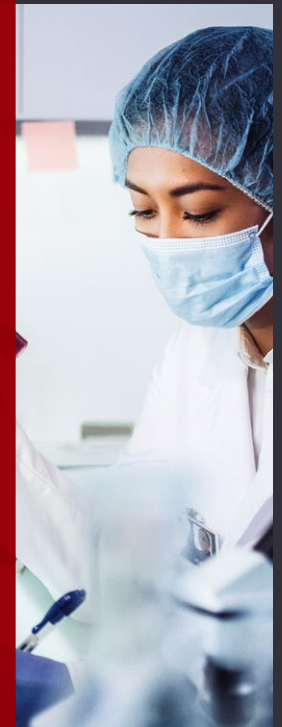




Nations & Regions

# Yorkshire, the Humber & North East England

Private equity and venture capital  
creating public value



# Contents

## Foreword and welcome

//// 03

## Part one: Yorkshire, the Humber & North East England in numbers

//// 04

### Spotlight on: North East England

//// 07

### Spotlight on: Yorkshire and the Humber

//// 13

## Part two: Further case studies and insight: a journey around the regions

//// 18

## Part three: A bright future for private capital in the regions

//// 27



# Welcome



***“In 2020 alone, businesses located in Yorkshire and North East England received almost half a billion pounds (£480m) of support from private equity and venture capital firms.”***

**Private capital invests in potential – good ideas, good people and good businesses. And this potential is found right across the United Kingdom.**

This report is the next in our series that highlights the investment made by private equity and venture capital in the nations and regions of the UK. **In this second publication, we focus on Yorkshire, the Humber and England’s North East.**

These regions have emerged as prime destinations for private capital investment, home to exciting and innovative hubs of business activity, world-class universities producing world-class talent and a vibrant start-up economy.

**In 2020 alone, businesses located in Yorkshire and the North East received almost half a billion pounds (£480m) of support from private equity and venture**

**capital firms.** This support drives business growth; creating jobs, bringing value to local communities and helping shore up regional economies in the wake of the pandemic.

Furthermore, this investment is powering small-and-medium sized businesses across the regions, **with 9 in 10 of those supported employing 250 or fewer people.**

This is unsurprising when you consider the emergent tech-hubs in cities such as Leeds and Durham, and universities like York, Sunderland and Newcastle that are producing more potentially revolutionary spin-outs than ever before. This includes companies like Newcells Biotech, featured later in this report, a Newcastle University spin-out which has helped us to fight COVID19.

**Tech was the most attractive area for investment across the regions with 47% (80 of 168) businesses backed were in this sector.** Businesses in the consumer goods and services (18%) and healthcare (12.5%) sectors also saw substantial support – speaking to the diversity of opportunity found in Yorkshire and the North East.

**1 in 8 businesses (13%, or 168 of 1,305) supported by private capital firms in 2020 in the UK were in Yorkshire and the North East.** This further underlines the attractiveness of these regions and their ability to nurture exciting, scalable companies.

In turn, this is drawing more private capital firms into the regions. **An increasing number of BVCA members are establishing a physical presence there in order to be closer not only to**

**the firms they already support, but the many emerging prospects.** We take a closer look at one firm’s decision to open offices in both Newcastle and Durham later in this report.

Throughout the rest of this report, we will look in more detail at the investment statistics, hear from those who support businesses in the area and from those businesses themselves.

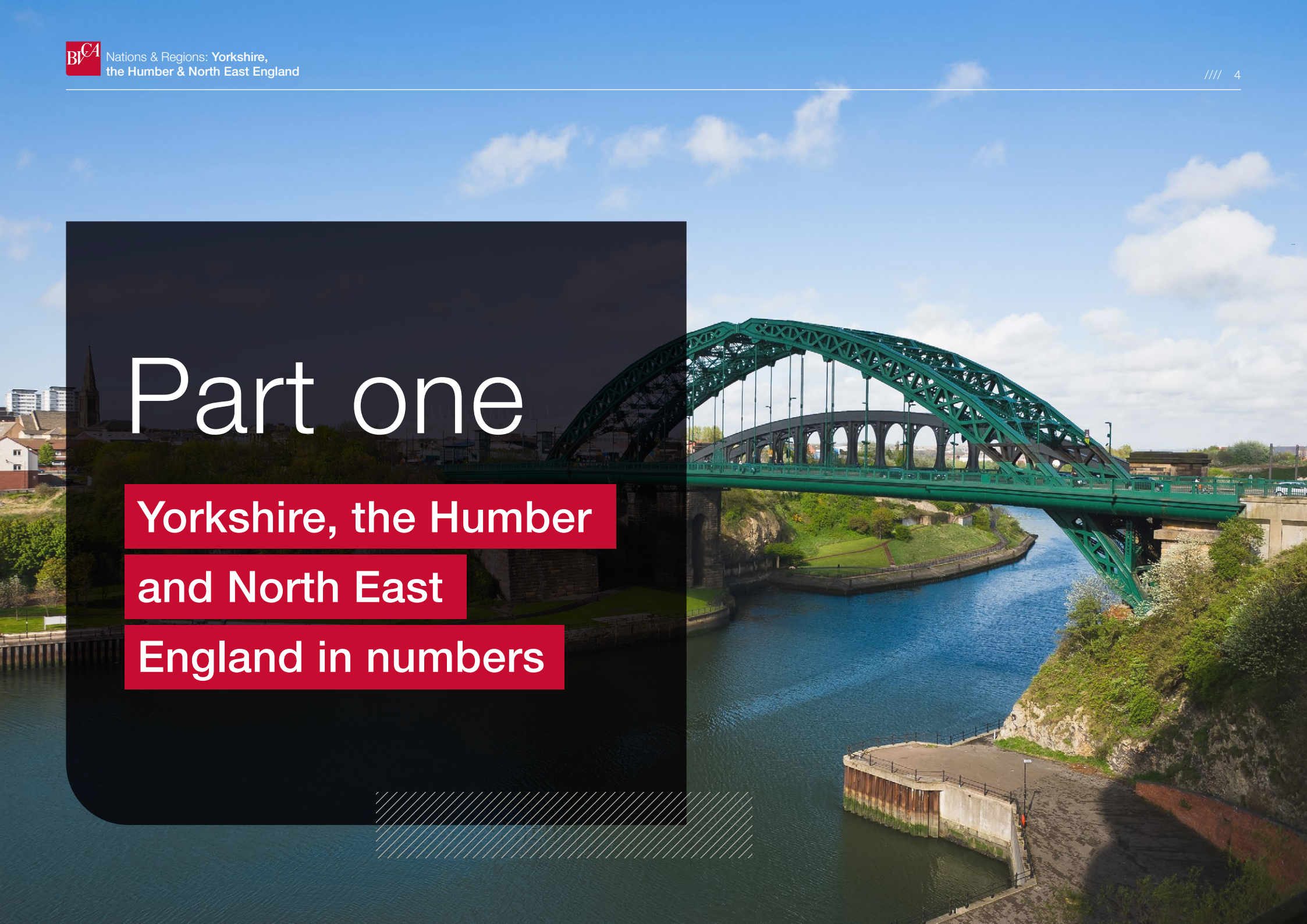
We are delighted to showcase these regions in this publication and I would like to thank all BVCA members, their portfolio companies and other contributors who supported us in doing so.

**Michael Moore**  
Director General, BVCA



# Part one

Yorkshire, the Humber  
and North East  
England in numbers



# Yorkshire, the Humber & North East England in numbers

## North East England



The **North East** has the highest value of goods exports relative to the size of its economy.

- **Population:**  
2,657,909
- **Size:**  
8,592 km<sup>2</sup>
- **Largest cities:**  
Newcastle,  
Middlesbrough, Sunderland<sup>1</sup>

## Yorkshire



**Yorkshire's** economy is worth £110bn per year - that's around twice the size of Wales and larger than 11 EU countries.

- **Population:**  
5,284,000
- **Size:**  
11,903 km<sup>2</sup>
- **Largest cities:**  
Leeds, Sheffield, Bradford<sup>2</sup>

*"The North East is a fantastic place to start and grow a business, which is why so much investment is coming from private capital firms to this region. As Tees Valley Mayor I have the pleasure of visiting fantastic companies like Nova Pangaea Technologies every week across Teesside, Darlington and Hartlepool to see their amazing work first-hand. Businesses like Nova Pangaea are developing ground-breaking technologies that will supercharge our local economy and create the skilled, well-paid jobs we want to see in Teesside and the wider North East. This report shines a spotlight on our region and highlights why the North East's economy is a business power-house."*

**Ben Houchen**  
Mayor of Tees Valley



# Yorkshire, the Humber & North East England in numbers

1

168

**companies**  
supported in 2020



2

36

**BVCA members**  
**invested**  
in the regions in 2020

3

£480m

**invested**  
by BVCA members in 2020

4

9 in 10

of businesses  
invested into were  
**SMEs**

5

13%

of **UK businesses**  
receiving investment from  
BVCA members in 2020 were in  
Yorkshire & North East England



Source 1: All figures taken from the [BVCA Investment Activity Report 2020](#). The Investment Activity Survey is an annual survey of BVCA members and 194 of our members responded into the 2020 survey.

# Spotlight on: North East England



**Investment data from North East England paints a positive picture; a picture of a region ripe with opportunity. In 2020 alone, 100 companies were supported by BVCA members – representing 8% of the total number of businesses backed across the entire UK.**

This is an increase on 2019 when 93 companies were supported by BVCA members and a big jump on 2018 and 2017, with 80 and 16 firms supported respectively.

One key driver behind the increase is the physical presence of BVCA members, with more opening offices in the region to be closer to both the companies they support, and those that could be perfect for future investment.

This notion is supported by a recent study conducted by PwC for BGF<sup>1</sup>, suggesting that around two thirds of investments made by London-based PE investors between 2011-2017 were made in companies within 50 kilometres of the investors' premises.

This is reinforced by the BVCA's dataset, which shows that almost 75% of all investments made in companies in North East England, across the last three years, were made by only four fund managers with presence in the area. This includes Maven Capital Partners who opened two offices in both Newcastle and Durham in late 2017 – the full story is featured later in this report.

Another factor behind increasing investment in North East England is a significant development in its local ecosystems over the last ten years – from the establishment of the The Northern Accelerator, aiming to commercialise local innovation, or the formation of The North East England Climate Coalition, a cross-sector initiative striving to make the North East the greenest region in England.

These ambitious projects are gaining the attention of private investors with large regional presence in the UK. One example is Mercia Fund Managers, who recently acquired Newcastle-based VCT funds to further increase their exposure to the region and generate attractive returns for investors.

*It's clear that something great is happening in North East England; plenty of start-ups, BVCA members alive to these opportunities, and an increasing number of initiatives designed to turbo charge growth. All things point to a key player in the UK's private capital ecosystem.*

Source 1: [www.bgf.co.uk/wp-content/uploads/2020/10/From-survive-to-thrive-funding-the-growth-economy-to-kickstart-an-investment-led-recovery-1.pdf](http://www.bgf.co.uk/wp-content/uploads/2020/10/From-survive-to-thrive-funding-the-growth-economy-to-kickstart-an-investment-led-recovery-1.pdf)

# Spotlight on: North East England

**Early-stage investment in North East England is thriving – despite the fact that venture capital has only been present in the region for around 15 years. VC investment in 2020 accounted for 5% of all VC investment across the UK, indicating the region is an incubator for start-ups.**

And this is particularly noticeable in the tech sector where, between 2018 and 2020, 58% of VC backed companies in the region were tech start-ups, well above the national average of 47% - an encouraging sign for regional development. It is possible that the cheaper cost of living in the North East of England is a driver of its start-up community – investors tell us it costs half as much to start a business in the region than it does in London.

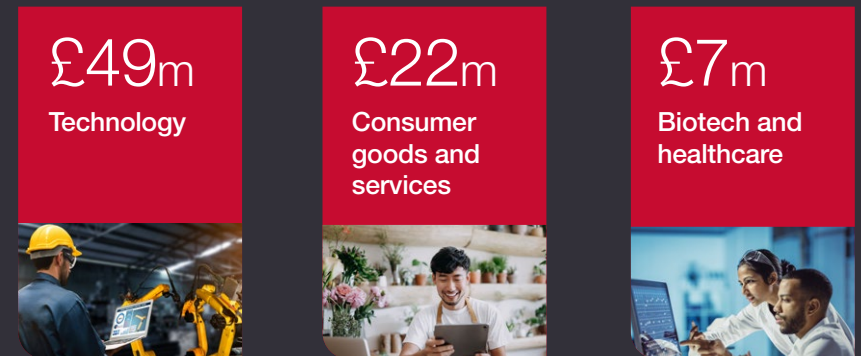
However, BVCA data points to the immediate lack of scale-up funding with only 10% of VC funding aimed at later-stage businesses, lagging behind the 24% national average<sup>1</sup>. Issues such as lack of infrastructure to support growing firms, and the supply of senior talent in the area needed to fill roles as companies expand have been cited as reasons for this.

With one of the lowest aggregate Research & Development spending per capita in the UK, the North East appears to be underfunded. There is ample potential for growth which can be unleashed by the private equity and venture capital community.<sup>2</sup>

## Investment into North East businesses by stage: 2020



## Investment into North East businesses by sector: 2020

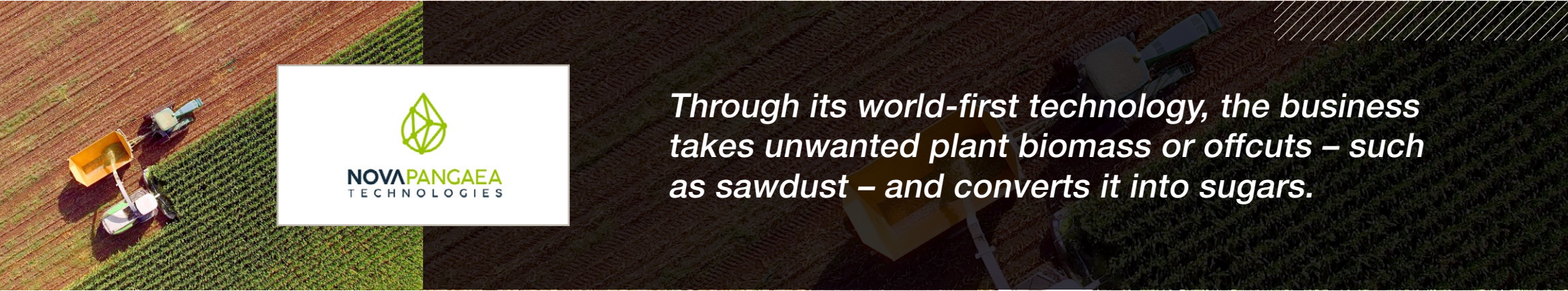


Source<sup>1</sup> BVCA dataset | Source<sup>2</sup>: [The Missing £4 Billion: Making R&D work for the whole UK](#) | Source: [BVCA Investment Activity Report 2020](#)



ESG in North East England

# Nova Pangaea Technologies // Supported by Par Equity, British Business Bank, Mercia Asset Management



*Through its world-first technology, the business takes unwanted plant biomass or offcuts – such as sawdust – and converts it into sugars.*

**Nova Pangaea Technologies (NPT), based at Wilton International, Redcar in the Tees Valley, is leading the way to enable decarbonisation across sectors like transport and industry.**

Through its proprietary technology (REFNOVA), NPT converts biomass such as forestry and agricultural residues into sustainable sugars and biochar.

The sugars can be fermented into bioethanol that is used as a drop in for sustainable aviation fuels, and the biochar replaces coke within sectors such as the steel industry to create green steel and is considered carbon neutral. When the biochar is used as a soil

enhancer for agricultural purposes, it is also considered a carbon capture and delivers carbon negative.

NPT received investment in 2017, with a total of £1.25m having been invested by Edinburgh-based Par Equity over the last four years.

Par Equity has a particular focus on companies that solve considerable scientific challenges and its investment and business support – alongside funding from the Northern Powerhouse Investment Fund (NPIF) and Cambridge Angels – enabled NPT to increase headcount by 45% in 2020. Furthermore, it allowed NPT the ability to continue to enhance its technology.

In Aug 2021, Nova Pangaea was one of eight winners who were chosen to take part in the Department for Transport (DfT) Green Fuels Green Skies project.

NPT has partnered with British Airways and LanzaJet (Project Speedbird) to deliver 113 million litres of sustainable aviation fuels in the UK. Project Speedbird is halfway through the feasibility study, which began in October 2021, will conclude in 2022.

**“Without the ongoing commitment from our current investors, it would have been extremely difficult to deliver the technical and commercial traction thus far. The investment from Par Equity supports the next phase of our commercial strategy**

**which is the scale-out of our existing plant to commercial production, right here on Teesside. This will showcase Teesside as a global leader in industrial decarbonization, something which is only achievable if we continue an alignment of private and public sector investment in net zero enablers like Nova Pangaea Technologies.”**

**Sarah Ellerby**  
Chief Executive,  
Nova Pangaea Technologies

## Heritage Site

# Clearly Drinks // Supported by NorthEdge

**Clearly Drinks, head quartered in Sunderland, is a soft drinks manufacturer with a specialism in the fast-growing flavoured spring water sector.**

Based around its very own fresh-water spring, Clearly Drinks has been operational on its site for more than 135 years with some of its most loyal employees now into their fifth decade of working for the business.

In relative terms though, private equity involvement in Clearly Drinks is only a recent thing, with NorthEdge Capital having acquired the business in 2017.

NorthEdge spotted a business that had not only demonstrated its ability to deliver in a rapidly growing market but had room for much further growth – particularly in ESG-led areas.

Under NorthEdge's ownership, Clearly Drinks has seen a multi-million-pound investment into a new canning facility at its headquarters in 2020. This both supported the businesses' ambitious growth plans as well as its drive to reduce single-use plastics.

In fact, by the end of 2020 the business had shrunk its usage of these by 211 tonnes through redesigning products and packaging to reduce the amount of plastic used, as well as focusing on making their branded bottles and packaging fully recyclable by 2022.

Another important area that Clearly Drinks has been able to scale up are its sugar free offerings. Its 'Perfectly Clear', 'Revolution Waves' and 'Upstream' brands are a fantastic example of this; natural strong fruit flavours mixed with spring water taken from their very own borehole – all with zero sugar.

This is a huge area of the market – particularly as more health-conscious shoppers now look for healthier alternatives – that NorthEdge are supporting Clearly Drinks to become a leader of.

Clearly Drinks has also championed several initiatives to support their people and local community, including becoming a Disability Confident Employer, training mental health first aiders and encouraging diversity in manufacturing through education programmes with local schools.



***“From the start of our journey together, NorthEdge have been superb and nothing but supportive. They’re an organisation that are easy to work with, grasping very quickly what we wanted to achieve here, and have worked with us – side by side, every step of the way – in true partnership style”***

Mick Howard  
Chief Executive, Clearly Drinks



## Keeping people safe in North East England

# Lucion Services // Supported by Palatine



*“Lucion has always had ambitious growth plans, which can now become a reality with the support and investment from Palatine. It was important for Lucion to find the right partner, one that can not only assist with the funding of acquisitive growth but also offer a wealth of experience and knowledge to help guide us through the challenges ahead.”* Phil Rozier, CEO, Lucion Services

Lucion Services, with laboratories in Gateshead, and 22 regional offices, is a UK market leader for accredited hazardous material testing, surveying, and environmental consultancy.

Lucion has been keeping people in North East England safe for quite some time, with a focus on risk reduction and the safe management of hazardous materials since its establishment 20 years ago.

The business caught the eye of private equity firm Palatine, who have supported Lucion since mid-2019. Palatine specialises in “positive equity” and strives for sustainable growth by building on solid foundations with a commitment to the environment and society. This

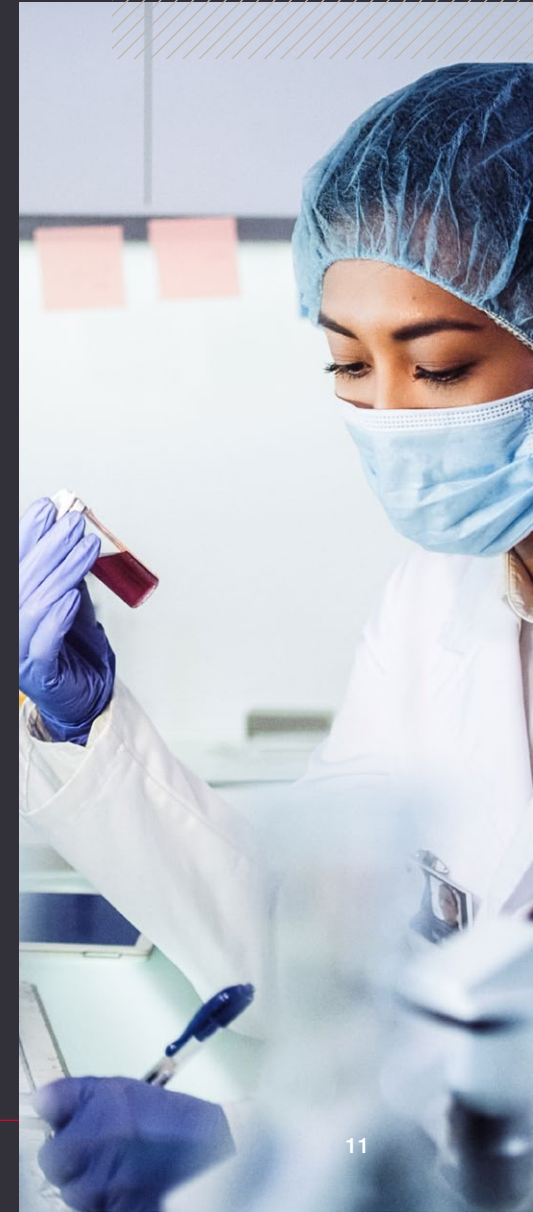
“positive equity” vision is firmly in-keeping with Lucion’s core objective to “protect people and planet” – a clear alignment of values firmly underpinning their long-term business partnership.

Upon investment, Palatine worked with Lucion to make sure they were as strong as they could be internally. The appointment of a new chairman and chief financial officer, meant they were ready and prepared for some serious growth spurts.

Then came growth through acquisition – identifying other risk management businesses with slightly different specialisms and bringing them onboard. The purchase of Delta Simons helped Lucion enhance its consulting on

environmental practises, and the purchase of ARPS strengthened their radiation protection offering. This also improves customer experience – giving them the knowledge that expertise is in one place and providing one point of contact for their compliance needs.

And of course, there has been some serious investment into “protecting people and planet”. With guidance from Palatine, Lucion has been able to build a new carbon neutral lab with a focus on sustainability, a leadership development programme and a regional office structure – helping reduce commute time for Lucion’s nationwide employee base.





## Importance of access to finance in the Tees Valley

# The British Business Bank

**Since its 2017 launch, the Northern Powerhouse Investment Fund (NPIF) has provided key investment for growing businesses across the North of England, helping them to progress and reach their full potential. As we enter the new year – particularly when compared with the uncertainty in 2021 – there is a sense of optimism, as we renew our commitment to assisting companies and helping them to reach the heights of success that access to finance can unlock.**

The Tees Valley is a fantastic example of this in action. In this region alone, NPIF has facilitated a total of 113 investments into 78 businesses. In total, this cumulates to £56.6m of additional funding into the area since launch – over £26.4m invested directly by NPIF with a further £30.2m leveraged from the private sector.

These investments have been delivered through NPIF's three funding options: equity finance, debt finance and microfinance. These are available to a wide range of businesses and are delivered through our fund managers in the region, such as Mercia Asset Management, FW Capital and Business Enterprise Fund (BEF).

Redcar-based clean tech company Nova Pangaea Technologies are a great case study of the impact NPIF investment can have. Securing three rounds of NPIF investment through NPIF – Mercia Equity Finance, which is managed by Mercia and part of the Fund, the business has been able to commercialise its technology, create jobs and showcase Teesside globally as a leader in industrial decarbonisation.

Its growing success story demonstrates the transformational impact that access to finance can have. As we look to build a stronger north in the year ahead, I would urge any local business that may be seeking funding to make contact with us via [www.npif.co.uk](http://www.npif.co.uk).

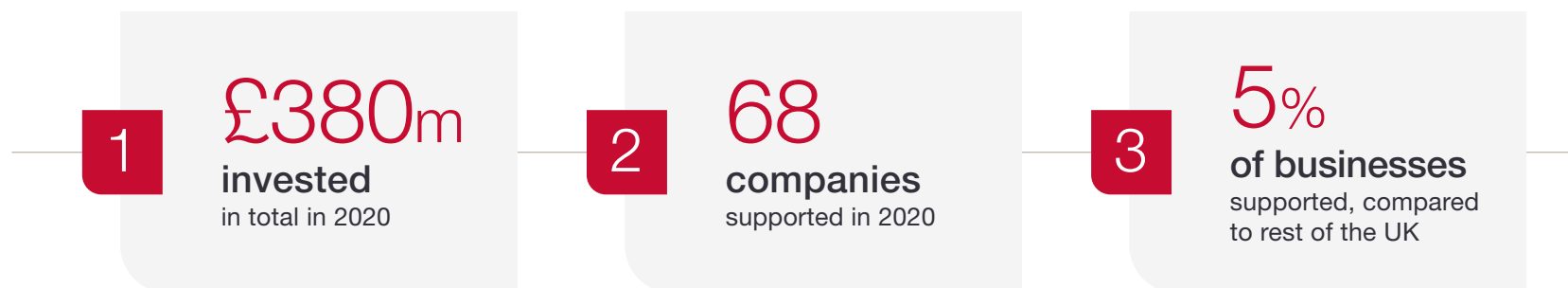
The Northern Powerhouse Investment Fund project is supported financially by the European Union using funding from the European Regional Development Fund (ERDF) as part of the European Structural and Investment Funds Growth Programme 2014-2020 and the European Investment Bank. In the latest Spending Review the Chancellor announced £660m for the next generation of the Northern Powerhouse Investment Fund, including an expansion into the North East of England.

**Melanie Ellyard**  
Senior Manager at British Business Bank and Northern Powerhouse Investment Fund



*“As we enter the new year – particularly when compared with the uncertainty in 2021 – there is a sense of optimism, as we renew our commitment to assisting companies and helping them to reach the heights of success that access to finance can unlock.”*

# Spotlight on: Yorkshire and the Humber



## Yorkshire and North East England are distinct in the types of businesses they grow and the investments they attract.

Yorkshire commands a greater proportion of investment - 4.1% (£380m) of the total amount invested in the UK in 2020 - almost 4x more than North East England.

And the difference in amounts persists when looking historically, too. Yorkshire saw investment of £216m in 2019 and £705m in 2018, compared to the North East's respective £136m and £365m.

However, in 2020, 68 Yorkshire-based businesses received investment, compared to 100 in North East England. That's fewer companies, receiving larger sums, indicating they have reached a certain degree of maturity.

Analysis of BVCA data shows that businesses in Yorkshire were taking on growth capital (£82m) – cash injected into medium-sized firms scaling quickly – or being bought out completely (£279m). Very little, comparatively, was invested in venture capital (£20m) which is crucial for start-ups, businesses at the earliest stages of life.

Conversely, the majority invested in North East England (£41m) came in the form of venture capital and far fewer relative amounts were accessed at the growth and buyout stages. 26 start-ups and early stage companies saw investment in Yorkshire in 2020 compared to 63 in North East England.

From this, it's clear that both regions have their specialities when it comes to starting and growing businesses, with Yorkshire home to companies at a later stage in their journey. While fewer start-ups took on funding in Yorkshire in 2020, the outlook for those that did is positive – the larger amounts of growth and buyout money in the region indicating a private capital ecosystem that can support them as they mature.

## Venture Capital Investment 2020



## Growth and Buyout Investment 2020



Source: [BVCA Investment Activity Report 2020](#)

# Spotlight on: Yorkshire and the Humber

**It's easy to see why Yorkshire is a great place to grow a business. The associated costs around building and scaling are lower, there's more space to do so and the regional ecosystem and investment landscape has seen significant development over the last 10 years.**

Part of this development is an increase in the number of private equity and venture capital firms opening offices in the area to be closer to the action.

BGF, Mercia, LDC and Endless are just four examples of firms with offices in Leeds, all specialising in identifying, supporting and building long-term partnerships with businesses that are that little bit more established than a start-up and looking to turbo-charge their growth.

Having a base in the region comes with many benefits. Firms can meet with founders and management teams face-to-face, creating strong and lasting relationships. It also means a firm can

keep its finger on the pulse of the region, knowing exactly where the next acquisition target is, how to advise a business to ensure it is active in, and meets the needs of, its local communities and to make sure the relevant business networks are tapped into.

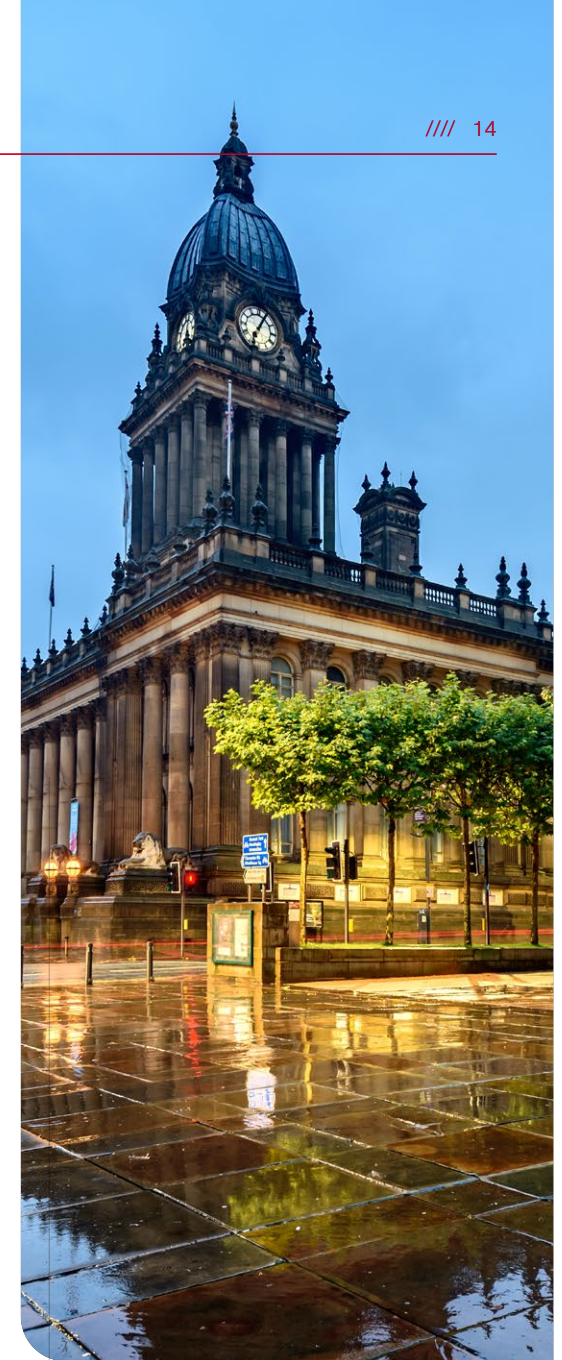
A regional office also fosters trust. A firm with a base in the area will feed back into the regional economy, supporting local communities and helping supply chain firms on their own growth journeys.

And as firms look to increase their presence in Yorkshire, private capital is filling the space left by the European Investment Bank (EIB) as it decreases its role in the UK after our exit from the European Union. Whilst the EIB was a contributor to funds like NPIF (Northern Powerhouse Investment Fund) managed by the British Business Bank, greater PE and VC presence will ensure businesses continue to flourish – providing strong returns for investors – and playing a key role in attracting further funding to the area.

*“The region boasts a rich pool of innovative and fast-growth companies that are keen to seize upon the opportunities that have emerged in the last 18 months.*”

*“We're delighted to be supporting those growth economy businesses in the region, whether that's through new investment or follow-on funding, and we intend to expand our own team of investors to help meet that ambition.”*

**Barry Jackson**  
Head of BGF in Yorkshire and the North East





A tale of scale

# Coppergreen // Supported by BGF, CVC Capital Partners



***BGF look to inspire business leaders and innovators, fostering long-term partnerships with them to build strong and sustainable companies.***

**Head quartered in Sheffield, Coppergreen is the owner and operator of four British-based holiday parks. The company focuses on providing high-quality accommodation for long stay or short-break holidays in simply stunning surroundings, with all four of its parks found in areas of natural beauty.**

For Woodland Lakes, Coppergreen's original park, the clue to its surroundings is in its name. It was this 54-lodge development in North Yorkshire that piqued the interest of private growth capital provider, BGF, who spotted great potential for Coppergreen's expansion.

BGF – formerly Business Growth Fund – specialise in growing businesses and look to support the scaling of entrepreneurial companies with more than just funding. They look to inspire business leaders and innovators, fostering long-term partnerships with them to build strong and sustainable companies.

It was BGF's £20m investment into Coppergreen – in stages, with an initial cash injection in 2016 – that saw the holiday park operator expand from one site to four, via both acquisition and the development of greenfield sites.

In turn, this increased the total number of luxury rental lodges from 54 to 370 across all parks and seen the business take on nearly 350 new employees.

And for a sector so heavily affected by the coronavirus, Coppergreen has firmly bounced back.

With BGF's unwavering support throughout the pandemic, and it's continuing guidance going forward, the business has significant potential for further growth. This is through more development planned at its existing parks – namely, c200 further plots – as well as a healthy pipeline for more greenfield sites.

This expansion was further realised in December 2021, when Coppergreen was purchased by Away Resorts. Away Resorts is supported by CVC Capital Partners will include Coppergreen as a key part of the plan to build the UK's largest staycation provider.

**“BGF have been fantastic partners – in their initial and follow-on investments, as well as their unwavering support of our vision for Coppergreen. Over the past two years, we've had to adapt our plans and have benefitted hugely from a supportive, minority investor with a long-term outlook.”**

**David Copley**  
CEO at Coppergreen Leisure Resorts

Growing global

## Sewtec Automation // Supported by Endless



Based in Wakefield, Sewtec Automation is a high-tech engineering company. It not only invents but designs, manufactures, installs and supports highly specialised, bespoke machinery and robotics for production lines in sectors like food, pharmaceuticals and personal care.

While Sewtec can trace its heritage back to the late 1800s, the business in its current form was established in 1982. But it was in 2017 when Leeds-based private equity firm, Endless LLP, saw a company with huge scope for greater growth into the global market and supported a management buyout.

Endless specialise in helping businesses define a new direction; spotting solutions or opportunities they couldn't before and

*It was clear that Sewtec Automation was already a true Yorkshire success story and a fantastic example of highly skilled British manufacturing – why not share it with more of the world?*

providing both the money and support to help achieve these. It was clear that Sewtec Automation was already a true Yorkshire success story and a fantastic example of highly skilled British manufacturing – why not share it with more of the world?

In the four years since Endless' involvement, Sewtec has evolved and developed in a number of ways.

Investment into research, development and training has attracted some of the best engineering minds in the industry to the business. As a result of this, headcount is now at 115, up from 70 with further growth expected, which has helped the firm in meeting its ambitious growth plans.

There has also been physical expansion into a new building and operations.

In September 2020, Sewtec seamlessly transitioned into its new state-of-the-art headquarters in Wakefield.

The 75,000 square foot facility more than doubled the size of its previous seven disparate sites, as well as bringing them together in one place, enabling the business to provide solutions for even more of the big multinationals from all over the world.

In fact, a significant proportion of Sewtec's sales are now exports, with clients including Tata, Huhtamaki, Nestle, Greencore, Purina, and Imperial Brands.

**"Whilst at its core, the business is unchanged – we still have a brilliant team of leading engineering minds inventing complex automation solutions; most other elements of the business are unrecognisable to what they were before the Endless' involvement in 2017. From our fantastic new operations, with our ever increasing highly skilled team and expanding global customer base we are very excited about the future for Sewtec."**

**Ian Walch**  
Managing Director, Sewtec Automation



Sector focus: pharmaceuticals

## Rosemont Pharmaceuticals // Supported by Inflexion

**Rosemont Pharmaceuticals, based in Leeds, is Europe's leading liquid pharmaceuticals business. For more than 50 years it has produced liquid medicines for patients suffering with swallowing difficulties, both in the UK and around the world.**

The business was originally part of a US-listed manufacturer of consumer healthcare products, however, an approach from the private equity firm, Inflexion, saw Rosemont purchased from its former owner in June 2020.

Rosemont was not for sale, but Inflexion saw a business that could flourish through independence. Reinvestment into Rosemont from its parent company had not been a priority, leaving a large number of opportunities in the market for liquid prescription drugs unexplored. With funding and support from Inflexion, it was clear Rosemont could deliver rapid growth worldwide.

Upon investment, Inflexion was able to manage a smooth departure from its parent company, supporting the business with new finance and IT systems in the immediate term.

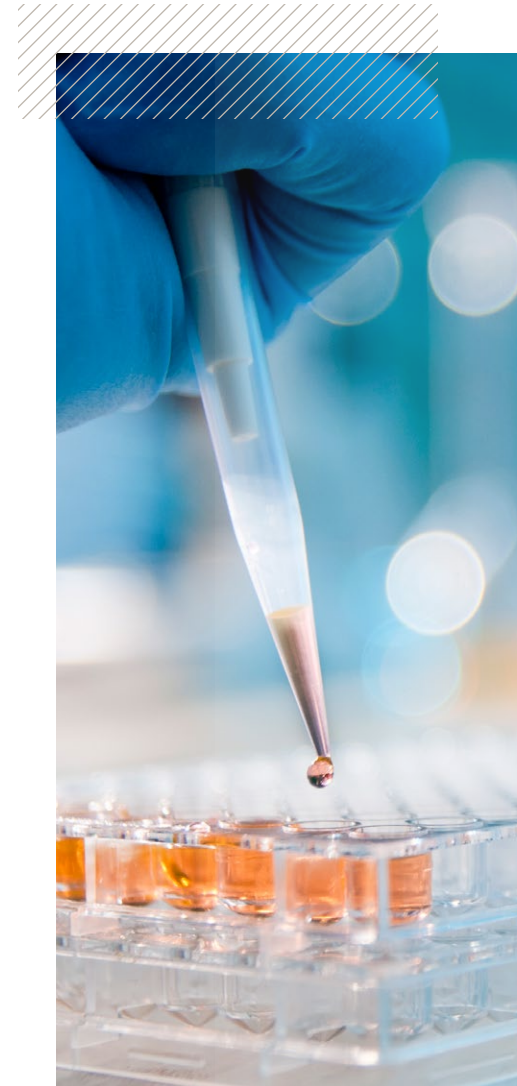
They also helped hire new senior managers to lead a rapidly expanding team (headcount is now at 277, up from 206) as well as resetting the company's mission and values. In 2022 Rosemont unveiled a new state-of-the-art R&D facility at its site in Leeds, which the company aims to build into a global centre of excellence.

Rosemont has also already made several strategic acquisitions, and the company has drawn on Inflexion's expertise in executing these deals, with its first transaction closing in 2021.

These changes have supercharged Rosemont's growth.

In the last year alone, sales are up 49%, exports have expanded into four new international markets and new product development has solved a previously unmet patient need.

Its future growth plans are ambitious, too. Together, Inflexion and Rosemont will look to grow the portfolio of liquid pharmaceuticals internationally, take on more staff and increase the size of the business through further acquisitions.



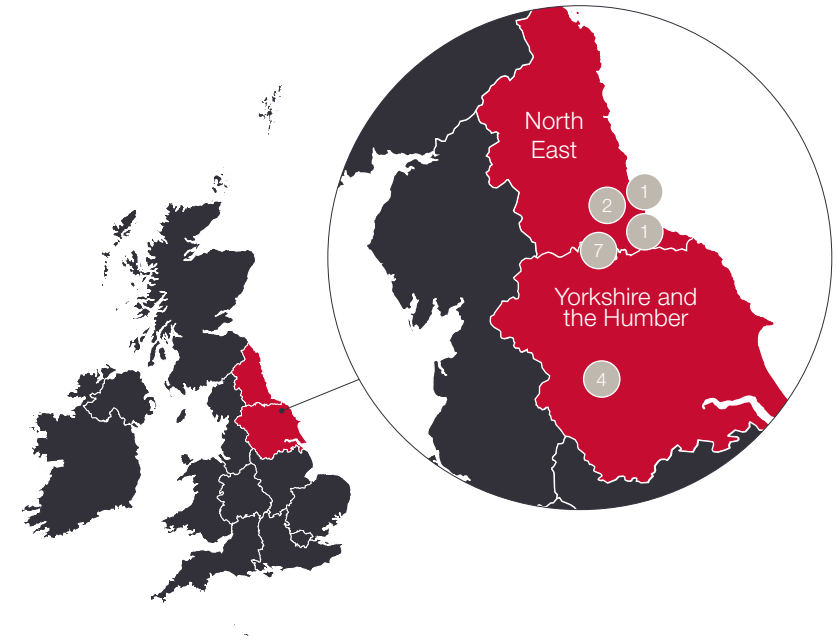
***“Inflexion brings a number of strengths to our business, especially a challenging mindset stimulating management to think about being more ambitious. They are agile but approachable. We knew what we wanted to achieve with business, it was just being given the playing field to actually bring it to life, and the Inflexion relationship has allowed us to do that.”***

Howard Taylor  
Chief Executive,  
Rosemont Pharmaceuticals



# Part two

**Further case studies  
and insight: A journey  
around the region**



- 1 **Maven's North East England offices**
- 2 **Newcells Biotech**  
Supported by Northstar Ventures
- 3 **Fund Her North**
- 4 **Global Autocare**  
Supported by LDC
- 5 **Northern Accelerator**
- 6 **Pinsent Masons**
- 7 **Advanced Electric Machines**  
Supported by Northstar Ventures

## Boots on the ground

# The story behind Maven's North East offices

Private equity firm, Maven, is one of the UK's most active SME investors, with a strong track record of helping hundreds of management teams to achieve their business ambitions.

With offices in over 11 key cities around the UK, they're also one of the most geographically diverse in their operations. The BVCA spoke to Maven's Michael Vassallo – the firm's North East investment team lead – about the decision to open offices in both Newcastle and Durham.

### **BVCA: When did you open the offices and what were the driving factors behind the decision to do so?**

**Michael:** We opened both offices towards the end of 2017. There was regional fund money available – through the North East Development Capital Fund and Durham County Council's Finance Durham Fund – and, as we operated a regional fund manager structure elsewhere, we knew that to get that money into the many growing businesses the areas have to offer, a physical presence was a must. It just made sense.

### **BVCA: What benefits have you seen from opening offices in Durham and Newcastle?**

**Michael:** Regional investment and support is one of Maven's core values – we absolutely believe that the most effective way to build strong relationships with management teams is to operate at a local level. By opening these offices, we're obviously much closer to the local market and have considerably better access to deals – meaning we can complete more of them.

It has also allowed us to really get to know founders and those running the businesses we want to invest in, and we find that allows us to be much more precise in the support and advice we give. And the results speak for themselves – since we opened these offices, we've invested £33m into 31 small or medium sized businesses, which accounts for almost 1,000 jobs.

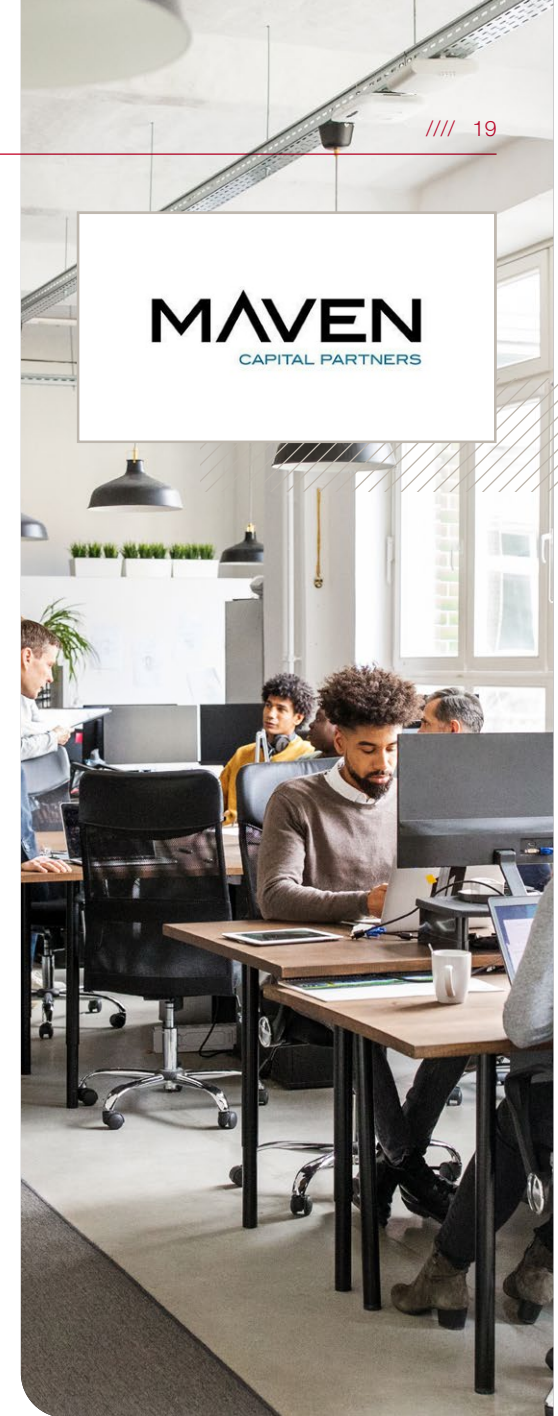
### **BVCA: Are there any particular sectors you see coming through strongly in Yorkshire and the North East?**

**Michael:** Tech, for sure. There's a massive tech sector in Newcastle that's growing day by day, supported by very high-quality developers coming out of local universities.

We're seeing that lots of London-based tech businesses are setting up second offices here too. Manufacturing is still a big sector, as is support services, but start-ups looking at renewable energy are also gathering momentum rapidly. That's definitely one to watch.

### **BVCA: Have these offices helped Maven, and your portfolio businesses, weather the pandemic?**

**Michael:** Without a doubt. While restrictions meant we couldn't check in physically with the firms we support, we had already built such solid foundations. When you already have that in-person rapport, it translates to calls much more easily. Being located in the area also made any logistics easier during the pandemic – if one our businesses faced any issues, we already knew where to go and where to source things to fix it. And all of this meant we rebounded very quickly in 2021, a record year for us in the North East.



## Supporting Spin-Outs

# Newcells Biotech // Supported by Northstar Ventures



*“The support from venture funding providers like Northstar is critical to companies like Newcells. Commercialising new science requires early stage support to develop ideas into technology and then to products. Alongside investment we benefited from advice on strategy which helped prepare use for further growth funding to scale-up our business and launch new products.”* Dr Mike Nicholds, CEO, Newcells Biotech

**Spin-outs are companies that begin life as university research projects. The project makes a discovery that could transform lives but requires funding or management expertise to help it become a viable business. While not exclusively, spin-outs are often in sectors like life-sciences or healthcare.**

Take Newcells Biotech, for example, which started in Newcastle University – one of the country’s most respected academic establishments and a beacon for groundbreaking research.

The company’s revolutionary technology enables scientists to produce cells in a lab environment and build them into mini-models of human tissues. These models enable scientists to better predict how new potentially life-saving drugs will behave in the body. This technology improves the chance that these therapies will be successfully launched for the benefit of patients while also lessening the reliance on animals in drug research.

The project first received funding from Northstar Ventures in 2015, a venture capital firm specialising in fledgling, high growth businesses and providing advice and support as well as money.

The £0.15m investment enabled Newcells to immediately expand its work in cell production, model building and assay development based on stem cell technology.

The business raised a further £2m in 2018, in a second funding round led by Northstar and NVM Private Equity, which was used to expand its operations, commercialise its services and expand its market reach internationally, including to the major USA market.

And this technology has been crucial in the understanding of, and fight against, the coronavirus.

Working alongside the Liverpool School of Tropical Medicine, Newcells developed a cellular model of the human upper airway. This provided a valuable platform to study how the Covid virus spread and grew, providing a platform for testing new drugs to combat the pandemic. This advance would not have been possible without venture capital funding.



## Helping female founders access finance in the North

# Fund Her North

**Fund Her North is a Northern-based, volunteer collective of over 28 women (in VC's, funding organisations and angel groups), with a combined investment power of over £450 million.**

The group was born out of the Rose Review, a Treasury commissioned review of female entrepreneurship that shed light on the barriers faced by women starting and growing businesses. Its objective is to give Northern, female entrepreneurs equal access to funding to help them successfully scale their companies.

Established in October 2020, Fund Her North supports women founders through every stage of their growth and funding journey – from start-up, to scale up and exit. And as of November 2021, Fund Her North had facilitated over £2m of investment in its first year alone.

It does this by providing connections, educating entrepreneurs and by guiding them through the fund raising process from beginning to end, as well as working with investors looking to invest in female-founded businesses with high growth potential.

The group also offers access to mentorship and educational material, the opportunity to submit enquiries to the collective and invitations to events with esteemed speakers. Membership is completely free.

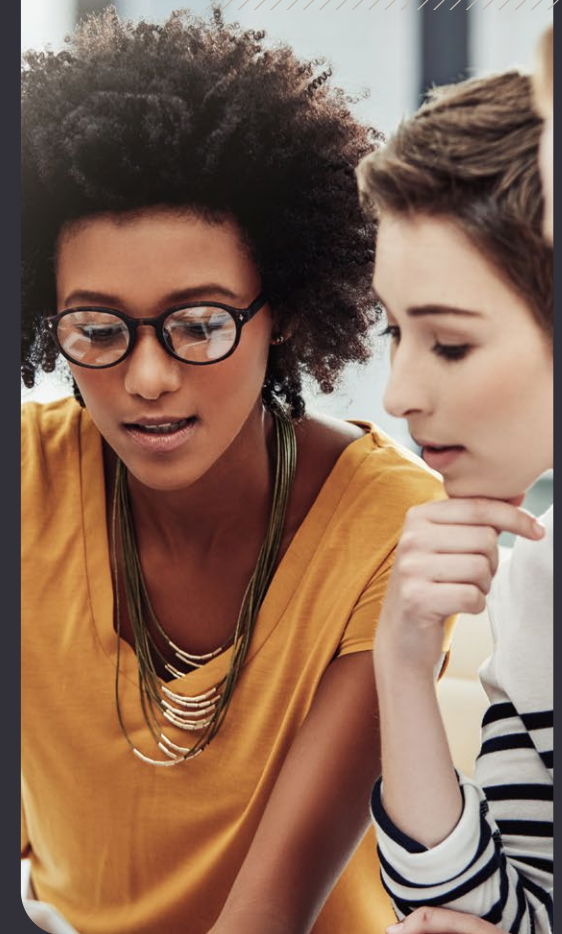
A number of Fund Her North members are also part of the BVCA, including **Mercia, YFM and Praetura. Sarah Hex**, Fund Her North representative for **Mercia Asset Management PLC**, said:

*“As a team of investors here at Fund Her North we are passionate in supporting female founders, leaders and investors to succeed, especially here in the North. The lack of funding into female-led businesses is disappointing and we want to change that.”*

*“We would encourage any female, starting, scaling or exiting a business to join Fund Her North and together we can help break down the barriers of obtaining funding and growing successful business’ regardless of gender or background.”*

Each member of the collective has already made a lasting effect on women entrepreneurs in the North with a combined investment track record of over £160 million invested in female led, start-up businesses.

Fund Her North’s plans include further growth to support continued investment opportunities for female-founded businesses.



Driving growth

## Global Autocare // Supported by LDC

**Based in Leeds, Global Autocare is one of the country's leading providers of unique fleet solutions to both large and small-scale businesses across the UK.**

Its services include daily vehicle rental, contract hire, fleet management, mobility solutions, maintenance and repair, vehicle movements and storage.

The business is focused on providing flexibility to its clients and its "GlobalFlex" service combines the benefits of daily rental and leasing, without the drawbacks of high costs and long-term commitment.

This innovative approach and meticulous customer focus means the firm manages each relationship uniquely. Rather than offering a one-size-fits-all solution they continue to deliver what the client and their business actually needs.

Global Autocare also has a strong track record when it comes to organic growth, having delivered this by over 20 percent, year-on-year, since 2010.

Global Autocare also makes widespread contributions to the Yorkshire community and a keen supporter of local teams, events and initiatives as well as proudly sponsoring elite sports teams across Yorkshire, including Leeds United Football Club, Leeds Rhinos Rugby Club and the

Tour de Yorkshire – the major international cycle race held in Yorkshire annually.

In July 2020 Global agreed a new expanded four-year partnership with Leeds Rhinos which included the renaming of the rugby East Stand as the Global East Stand. Global Autocare have partnered with the Club for over a decade and are proud to have continued this long-term partnership.

It was the future growth plans of Global Autocare that caught the eye of private equity house LDC.

LDC specialises in partnering with ambitious business leaders of mid-market businesses across the UK that are looking to scale up. Through its offices in Leeds and Newcastle, LDC has been investing in businesses across Yorkshire and the North East for over 30 years.

In December 2019 LDC made a significant minority investment into Global Autocare to support its founder and his management team to accelerate its national growth plans, building on its strong relationships with some of the world's leading automotive manufacturers.

The investment is also helping Global Autocare expand its client roster, which consists of businesses operating across a range of industries, but all with significant vehicle fleet requirements.



**Global.**



***“We chose to partner with LDC for private equity investment due to the firm’s heritage and success in the region, supporting Yorkshire-based businesses looking to scale nationally and beyond.”***

**Geoff Bloore**  
Founder and Managing Director of  
Global Autocare



Creating real-world impact from world-leading research

## Northern Accelerator



*Northern Accelerator has helped spin-out 35 businesses, trained more than 230 academics in entrepreneurship and overseen investment of £3.1m into a further 78 'proof of concept' projects.*

**The Northern Accelerator is a collaboration between five of the North East's universities and its mission is to create real-world impact from the world-leading research they generate.**

The partnership – between Durham, Newcastle, Northumbria, Sunderland and newest member Teeside University – has connected academics with business leaders since its inception in 2016 and looks to create university spin-outs; innovative and viable companies that started life as research projects.

It does this by embedding these business leaders into the project and supporting them with funding. So far,

Northern Accelerator has helped spin-out 35 businesses, trained more than 230 academics in entrepreneurship and overseen investment of £3.1m into a further 78 'proof of concept' projects.

More recently, in July 2021, the partnership was awarded £3.6m in Government funding through the Research England Connected Capability programme to continue to commercialise research, create more and better-quality jobs, and further support local and national economic growth.

Additionally, Northern Accelerator is responsible for its own Seed Investment Fund.

The fund, launched in 2019 and managed by Northstar Ventures, invests into very early-stage businesses with commercial appeal and enables them to scale and bring their developments to market. To date, the fund has invested £1.8m into 9 businesses including GlycoScore DX – which develops a simple, reliable blood test for Prostate Cancer – and CellulaREvolution – which aims to revolutionise the way cells are grown in labs.

The results speak for themselves. At the outset of the initiative, North East England had the lowest business density in the UK and low levels of private sector research and development investment. Now Northern Accelerator is making a

significant contribution to addressing these issues. The number of spin-outs have increased from an average of 1.8 per year in the five years preceding the programme, to an average of 6.8 per year in the five years since its launch in 2016.

A recent external evaluation by economic development consultants Ekos estimated that over the next ten years, Northern Accelerator spin-outs will contribute £76.3m in gross value add, creating 210 high-value jobs and representing a return on investment of around 7.4x for the public investment it has received.



## Sector insight:

# Pinsent Masons

Involvement in every successful private equity or venture capital deal is a team of advisors; a group on hand to offer legal advice on due diligence, how an investment is structured, tax implications and more, at all stages of the deal.

The BVCA spoke to Pinsent Masons' Peter Morley – an experienced corporate tax advisor with particular expertise in relation to private equity transactions – about emerging trends in Yorkshire and the North East.

**BVCA:** Peter, tell us about the last year or so – how has it been?

**PM:** Phenomenally busy! We found the pace did not slow at all and investors were incredibly keen to fund opportunities across the regions. This has had a very positive impact on the local economy and is something we expect to continue long into 2022.

**BVCA:** Can you give us some insight into the trends, niches and hot sectors you're seeing in the regions?

**PM:** Tech is an obvious one, of course, and particularly in Leeds where the scene is growing rapidly. We've also seen some good deals in the healthcare and energy sectors. Consumer brands are very popular at the moment too. Whilst many retailers have struggled during the pandemic, those with a strong online presence and infrastructure for delivery have enjoyed a good performance during lockdown. But we shouldn't forget traditional manufacturing businesses. The regions are home to many family-owned manufacturing businesses that have great potential for growth with the right investment, particularly given the international supply issues in many areas during 2021.

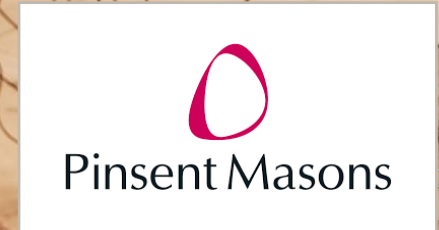
**BVCA:** How has the advisor community in the regions changed over the last few years, if at all?

**PM:** It has scaled up significantly and the upward trajectory continues in line with the growth in deal flow in the regions. We are also seeing increasing numbers of investors opening locally based offices.

But the biggest change is the location, scale and nature of the transactions the advisor community are involved with. As well as great deals based in this region, Yorkshire based advisors play key roles on transactions far and wide, many with a material international element. Not surprisingly this is leading to increased migration of advisors to the region from London and elsewhere.

**BVCA:** Are there benefits to being based in the area? What are they?

**PM:** Plenty. I moved here 20 years ago and have never looked back. The quality of transactions based in Leeds we get involved with is exceptional. When local advisers are working on transactions there is good sense of community with advisers working together well to get the deal done. Those starting out in their careers will get great experience and an opportunity to work in a variety of sectors. And then when all that is done there is no better place to live, work and do business.



Sector focus: tech

## Advanced Electric Machines // Supported by Northstar Ventures



*“Northstar Ventures have been a key partner in Advanced Electric Machine’s growth story. Their ongoing support has helped us to develop our technology into products which we are now selling across four continents.” Dr James Widmer, Chief Executive*

**2021’s petrol shortage illustrated how reliant we can be on our cars.**

No sooner than the shortage was rumoured, long queues appeared outside filling stations up and down the country. And as tailbacks grew, so did the number of idling engines, each releasing damaging pollutants into the air.

For Advanced Electric Machines, the aim is to do away with these traditional engines and instead replace them with the most sustainable electric powertrain technologies in the world. Their electric motors provide market leading performance and remove rare earth materials without any compromise on performance.

That’s not just in passenger cars, either. Advanced Electric Machines designs and manufactures magnet-free motors for commercial vehicles like lorries and trucks, off-highway applications like construction or agricultural vehicles and for the marine and aerospace industries, too.

Advanced Electric Machines began life in Newcastle University and was then ‘spun out’ in 2017, commercialising the years of university research, creating a fast-growing business from their findings by bringing cost effective and production ready products to market.

Venture capital firm Northstar Ventures has backed the company since its early stages and was instrumental in turning what was a research project into a viable and flourishing business.

Northstar specialises in finding fledgling, high growth businesses and provides advice and support as well as money – and particularly to those in England’s North East.

Their financial backing and business guidance has helped Advanced Electric Machines to grow and create 40 jobs, continue to develop their innovative and world-leading electric motors and enter into product development programmes with organisations across the globe, including Bentley Motors and CNH Industrial.





# Part three

A bright future for  
private capital in  
the regions





# A bright future for private capital in the regions



Yorkshire and  
the North East  
are **growing**  
destinations for  
private capital...



...with close to  
**200 businesses**  
supported by BVCA  
members in 2020  
alone.



It's clear that  
both **areas** have  
their **specialities**;  
their **place** in the  
private capital  
ecosystem...



...and have  
**important roles** to  
play in both **regional**  
**economies** and the  
wider **UK economy**.



They're **home** to  
**ambitious founders**  
and **teams**,  
**businesses creating**  
innovative products  
and **new hubs** for  
dynamic sectors...



...all **supported** by  
**private capital** to  
**grow** and **achieve**  
their **goals**.



Additionally, the  
**increasing number**  
of **private capital**  
**firms** setting up in  
Yorkshire and the  
**North East** is a  
**good sign**...



...indicating an  
**industry** that is  
**alive** to the many  
**opportunities** the  
**region** has to offer.

# Useful resources and contacts

The private equity and venture capital industry's contribution to public value in the UK can be explored further in these reports:



[View report >](#)



[View report >](#)



[View report >](#)



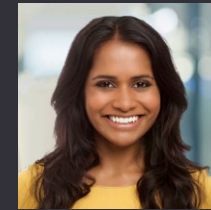
[View report >](#)

//// If you wish to explore the BVCA's Investment Activity Data further, these can be found [here](#).

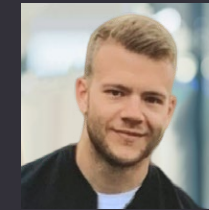
If you would like to discuss this report or the industry's contribution more generally please contact any of the following:



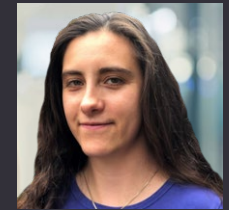
**Michael Moore**  
Director General,  
BVCA



**Sara Rajeswaran**  
Director, External  
Affairs, BVCA



**Will English**  
External  
Communications  
Manager, BVCA



**Suzi Gillespie**  
Head of Research,  
BVCA



Get in touch with the team  
at [bvca@bvca.co.uk](mailto:bvca@bvca.co.uk)

# With thanks

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/// We would also like to extend our thanks to the many all members who responded to the BVCA's Investment Activity Survey, the British Business Bank and Pinsent Masons.

## About the BVCA

The British Private Equity & Venture Capital Association (BVCA) is the industry body and public policy advocate for private equity and venture capital in the UK. Our membership comprises more than 700 influential firms, including over 300 private equity and venture capital houses, as well as institutional investors, professional advisers, service providers and international associations.





