

The North East Fund – Project Summary

Fund Name	North East LEP Area Fund of Funds
Applicant	North Tyneside Council (on behalf of the seven Local Authorities in the NELEP area), and North East (SPV) Limited (Fund of Fund vehicle established by the Local Authorities)
ERDF Sought	£58,500,000
Investment Priorities	Priority Axis 3a, 3c and 3d (£53,500,000) Priority Axis 4f (£5,000,000)
Total Project Cost	£144,500,000 comprising: £60m European Investment Bank, £26.0m legacy funding, and £58.5m ERDF 2014-20
LEP Areas Covered	North East
Description	<p>The project will be delivered by The North East (SPV) Limited, a new special purpose vehicle set up to act as Fund of Funds, and owned by the seven Local Authorities in the North East LEP area. The Managing Authority will be entering into inter-administrative co-operation with the seven LAs to deliver the project.</p> <p>The project will establish a new Fund of Funds, providing access to finance for Small to Medium Sized Enterprises in the North East LEP area. It responds to established market failures in the North East LEP area regarding provision of growth finance, and will utilise ERDF, legacy funding from previous funds and a European Investment Bank loan to deliver £120m finance to businesses through five publicly-procured sub-funds. Each fund will provide finance to new and established SMEs that are seeking to develop and grow, but are unable to source sufficient finance privately. The funds are:</p> <ul style="list-style-type: none"> • £30m Innovation Fund – providing investment into early-stage innovative companies at pre-revenue and seed stages through equity and mezzanine finance at an average of £130k (proof of concept) and £330k (early stage) • £30m Early Stage Fund – providing seed / early stage equity investments for general early stage businesses with an average investment of circa £500k

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	<ul style="list-style-type: none"> £20m Growth Fund – providing mezzanine / debt finance for established companies seeking growth with an average investment of £250k £30m Development Capital Fund – providing loans and equity for larger established companies seeking growth with an average investment of £800k £10m Small Loans Fund – providing small loans from £25k to £100k for SMEs unable to source funding from other sources. 	
Key Milestones	Funding Agreement Legally Executed	15/11/16
	Start Date	01/03/17
	Financial Completion Date	31/12/23
	Practical Completion Date	31/12/23
Key Outputs	C1 – Number of enterprises receiving support	1,200
	C3 – Number of enterprises receiving financial support other than grants	600
	C8 – Employment increase in supported enterprises	3,500 (c2,500 to be created by end of eligibility period)
	C28 – Number of enterprises supported to introduce new to the market products	50
	C29 – Number of enterprises supported to introduce new to the firm products	120
	Legacy funding from investments	£80m