

# Industrial Development Act 1982

## Annual Report

by the Secretaries of State for Trade and Industry,  
Scotland, Wales and Employment  
for the year ended 31 March 1988

*Presented to Parliament pursuant to Sections 11 and 15  
of the Industrial Development Act 1982*

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*Ordered by The House of Commons to be printed  
28th July 1988*

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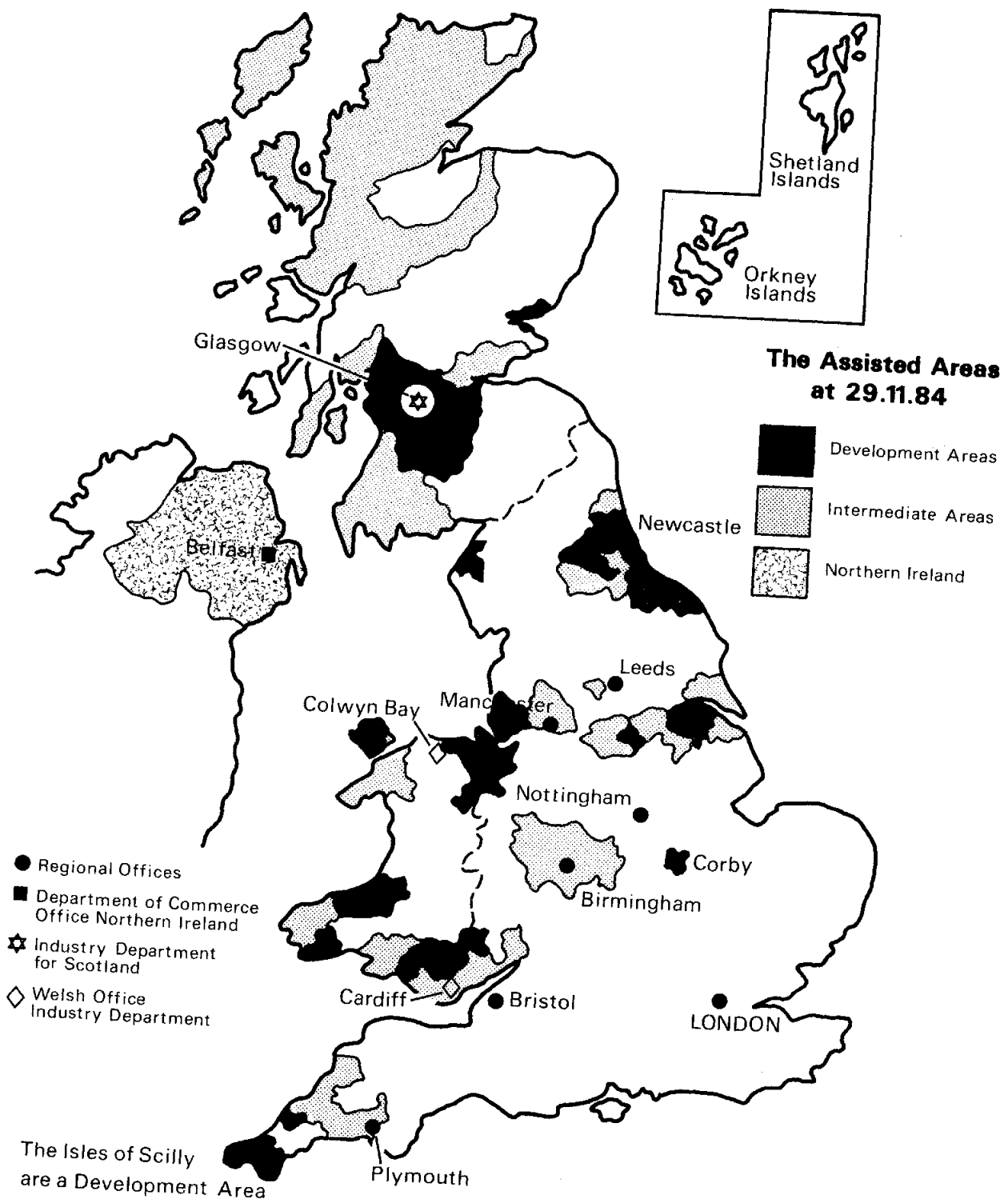
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# Industrial Development Act 1982

*Joint Report by the Secretaries of State for Trade and Industry, Scotland, Wales and Employment*

## Introduction

1. This Report, for the year ended 31 March 1988, describes the exercise of powers under the Industrial Development Act 1982 referred to in Section 11 and 15 of the Act, including the powers under past legislation which the Act consolidated. Sections 11 and 15 are reproduced at Appendix 1.

2. This Report opens with an account of policy changes announced in the White Paper of January 1988 (Cm 278). It goes on to describe measures of regional support, national investment support and special assistance to shipbuilding and small firms. It concludes with a section covering miscellaneous items and commentaries by the various Industrial Development Advisory Boards. Appendix 2 gives a summary analysis of the main forms of regional and national support, showing offers and payments made to 31 March 1988.

3. Throughout this Report the figures given for project costs, assistance offered and payments made represent actual amounts which have not been converted to a fixed price basis.

## The Role of Government under the Act

4. The publication, in January 1988, of the White Paper 'DTI—the department for Enterprise' has set the implementation of the Industrial Development Act in a new policy context. The overall aim of the new approach is the promotion of enterprise at all levels in British commerce and industry; its two foundations are open markets and individual initiative. As a result, the services which the Government offers to business are made available under the Enterprise Initiative which comprises a number of separate initiatives designed to spread the use of best practice and to enhance firms' competitiveness by improving management skills in a number of key areas.

5. This reorientation of policy has in particular required a revision of the incentives available under the Industrial Development Act 1982. Briefly, the scale of regional support under the Act will be substantially the same as before, but the emphasis has changed. Regional Development Grants, which gave automatic support to large investment projects, many of which would have gone ahead anyway, have been withdrawn. But selective assistance, under Section 7 of the Act, to investment projects in the assisted areas continues; and new Regional Enterprise Grants are now available in the development areas to encourage capital investment and innovation by firms with fewer than 25 employees.

## Regional Support

6. Assistance to regional industrial development continued to be given under a number of measures during the year. In common with past practice, unemployment statistics for each Assisted Area are at Appendix 3.

## Regional Development Grants

7. Regional Development Grants continued to provide the largest element of support to industry in the Assisted Areas. Grant payments under the original scheme totalled £61.1 million in respect of England, £34.8 million in respect of Scotland and £22.8 million in respect of Wales. Under the revised scheme, some 11,000 applications totalling about £400 million of assistance were approved, some £2,380 million of capital expenditure and the expected creation of 107,000 jobs. In the year, payments totalling £151.9 million were made in respect of Great Britain, payments totalled £78.1 million in respect of England, £43.2 million in respect of Scotland and £30.6 million in respect of Wales. Further details are at Appendix 4.

8. On 12 January 1988 the Government announced that the revised scheme would be closed for applications after 31 March 1988.

## Regional Enterprise Grants

9. On 29 March 1988 the Government announced a new scheme of regional assistance under Section 8 of the Act, known as Regional Enterprise Grants. The grants were available from 1 April 1988, providing assistance for investment and innovation projects in the Development Areas put forward by firms with fewer than 25 employees.

## Regional Selective Assistance under Section 7 of the Industrial Development Act 1982

10. The purpose of providing Regional Selective Assistance (RSA) under Section 7 of the Act is to encourage sound projects which will improve employment opportunities in the Assisted Areas. Projects qualifying for assistance fall into two broad categories: new projects and expansions which create additional employment, and projects for modernisation or rationalisation which maintain or safeguard existing employment. The criteria for RSA are set out in Appendix 5.

## Summary of Selective Assistance Offers

11. During the year, offers of grant assistance under Section 7 that were accepted by industry totalled £242.6 million, divided as follows:

	£ million		
England	Scotland	Wales	
148.1	57.6	36.9	

Further details are at Appendix 6.

## **European Regional Development Fund**

12. The Government is able to claim a contribution from the European Regional Development Fund for certain expenditure on national Regional Assistance. During the year receipts from the Fund attributable to regional assistance totalled £32.6 million for Great Britain.

## **European Regional Development Fund Specific Measures**

13. The European Regional Development Fund (ERDF), The Department of Trade and Industry, and the Scottish and Welsh Offices are jointly offering £62.4 million of grants through a series of ERDF Specific Measures in areas of the United Kingdom affected by job losses in the steel, shipbuilding, textile and clothing, and fisheries industries to help new businesses start up and existing small firms grow. The ERDF contribution is £43 million. Details of applications and offers are at Appendix 7.

14. In England and Wales Business Improvement Services provide support packages for small firms, while in Scotland there are Better Business Services and Better Technical Services. All manufacturing activities except the steel, shipbuilding and textile and clothing industries (unless diversifying into new activities), qualify for grant. Parts of the service sector are also eligible; but certain activities such as retailing and personal services do not qualify. The schemes were launched on 26 November 1984, and will run until 31 March 1989 or until funds are exhausted if earlier.

15. On 24 March 1986, the Department of Trade and Industry extended the Business Improvement Services to the declining fisheries areas of the Hull, Grimsby and Blackpool Travel-to-Work-Areas. The schemes were funded initially with a contribution of £2.5 million from the Department. Following European Commission approval of a special programme for the eligible areas, the ERDF will contribute in due course a further £5 million. The scheme in fisheries areas will run until 25 February 1991, or until funds are exhausted if earlier.

16. The Business Improvement Scheme (see Appendix 7) also operates outside the context of the European Regional Development Fund. In July 1986 it was introduced in Penzance and St Ives using Section 7 powers. A further extension to Thanet was made in March 1988 using Section 8 powers. The schemes are broadly comparable in scope with Business Improvement Services elsewhere but the rates of grant are lower. £1 million and £500,000 has been made available for Penzance and St Ives and Thanet respectively. £212,000 was spent on the former in 1987-88. There was no expenditure in Thanet.

## **Regional Loans from the European Community**

### *Exchange Risk Guarantee Scheme*

17. The Exchange Risk Guarantee Scheme, operated under Sections 7 and 8 of the Act, encourages private

industry in the UK to take advantage of foreign currency loans from the European Coal and Steel Community (ECSC) by providing a guarantee against the exchange risk. The borrower accepts only a sterling liability and the Government takes the exchange risk in return for an annual premium on the outstanding value of the loan. The scheme applies to loans for manufacturing industry, certain service sectors, and tourism.

18. At 31 March 1988 loans totalling £770 million attracting Exchange Risk Cover had been made and cumulative losses of £63 million incurred. Future liabilities under these arrangements cannot be quantified. Further details are at Appendix 8.

### *European Coal and Steel Community*

19. During the year, £54 million of ECSC loans were disbursed. Approximately 90 per cent of this lending went to small firms. It is estimated that this helped to create some 4,500 jobs.

## **Assistance under Section 13 of the Industrial Development Act 1982 and Section 7 of the Local Employment Act 1972**

### *Improvement in Basic Services*

20. During the year 112 applications were received for grants towards improvement of basic services in the Assisted Areas. At 31 March 1988, grants totalling £3.4 million had been approved towards 90 schemes costing £15.7 million. Further details are at Appendix 9.

## **Assistance under Section 14 of the Industrial Development Act 1982 and the English Industrial Estates Corporation Act 1981**

21. The English Industrial Estates Corporation (EIEC), under the English Industrial Estates Corporation Act 1981 (as amended by the Industrial Development Act 1985), produces its own audited accounts to be laid before Parliament.

22. During 1987-88 the Secretary of State provided EIEC with £13.0 million grant-in-aid to undertake its development programme in the Assisted Areas of England. The total expenditure by EIEC for the year was £48.6 million, the balance being funded by receipts from rents and sale of property.

23. In addition EIEC received £217,000 from the European Regional Development Fund towards the cost of its business advisory service for its tenants.

24. For the next year, the Secretary of State has also asked EIEC to operate a new programme providing managed workspace in inner city areas in partnership with the private sector.

25. EIEC completed 505 factory units and extensions comprising some 128,000 square metres of



floorspace. At 31 March a further 92,000 square metres were under construction. 2,035 units were occupied by tenants or purchasers, giving another record year for lettings by EIEC. During the year EIEC sold land and 82 factory units at a value of £19.0 million. Further details are at Appendix 10.

### **Assistance under Section 1 of the Derelict Land Act 1982**

26. During the year there were 1,038 applications for grant towards the acquisition, or clearance, of derelict land in England. At 31 March 1988, assistance totalling £59.4 million had been approved for 803 schemes involving 3,751 hectares. Further details are at Appendix 11.

### **National Investment Support under Section 8 of the Industrial Development Act 1982**

27. National investment support continued to be given under Section 8 of the Act. Details of those measures which remained open for application at 31 March 1988 are set out in paragraphs 29-33 below. Information on measures that closed for application during the year is set out in paragraphs 34-41 below, and on schemes that closed for applications before 31 March 1987 (on some of which payments were outstanding at 31 March 1988).

28. Some of the investment assisted under the measures described in paragraphs 37 and 44 received assistance under the Science and Technology Act 1965 to the extent that the investment was associated with innovation. Details of all Section 8 measures are at Appendix 12.

### **Measures open for application at 31 March 1988**

#### *Assistance for Exceptional Projects*

29. This new measure of support, announced on 12 January 1988, provides assistance for capital projects and research and development projects in manufacturing and most service industries. To qualify, projects must offer the prospect of exceptional national benefit, which might comprise, for instance, a substantial degree of innovation or wider benefits for UK users or suppliers. Assistance is given only to projects which are viable and would not otherwise go ahead as proposed; the assistance offered is negotiated at the minimum level necessary to achieve this. Innovation projects under this measure are funded under the Science and Technology Act 1965. At 31 March 1988 no offers of assistance under either Act had been made; further details are at Appendix 14.

### *Small Firms Loan Guarantee Scheme*

30. This scheme, which is administered by the Department of Employment, offers guarantees on loans to potentially viable small businesses. Guarantees are available to eligible firms covering 70 per cent of bank loans up to a maximum of £75,000 repayable over 2 to 7 years. Since May 1986 the premium payable to the Department has been 2½ per cent per annum of the outstanding balance of loans. In January 1988 simplified administrative arrangements were introduced for loans up to £15,000 under the scheme enabling the major participating lenders to approve loan applications themselves without first referring to the Department, which will speed lending decisions. In order to encourage people to establish and expand businesses in inner city areas measures will shortly be introduced (and were introduced on 22 June 1988) to increase the guarantee available to businesses based in, or wishing to be in, the 16 inner city task force areas to 85 per cent.

31. From the commencement of the scheme in June 1981 up to March 1988 a cumulative total of 19,196 guarantees have been issued covering loans to a value of £642.85 million. At Appendix 15 there are two tables, one showing the guarantees issued since June 1981, and one showing those issued since the premium was reduced to 2.5 per cent.

### *Assistance for the Development of Certification Schemes*

32. This measure of support is designed to encourage the development of third party certification systems in line with one of the main recommendations of the White Paper on Standards, Quality and International Competitiveness (Cmnd 8621). The measure was introduced in April 1983 with an allocation of £0.5 million a year. Up to 50 per cent grant is available.

33. Three new certification bodies have been established during the year with support from this measure, and many of the existing bodies received assistance to extend the scope of their activities. At 31 March 1988, payments of grant totalling some £1.4 million had been made. Further details are at Appendix 20.

### **Measures closed for application 1987-88**

#### *General Investment Support for Major Projects*

34. General Investment Support for Major Projects closed for application on 12 January 1988. At 31 March 1988 assistance totalling £69.5 million had been offered towards 186 projects involving investment of £668.7 million. During the year, a total of 7 projects were offered assistance under this measure. Payments of £3.8 million were made during the preceding 12 months to bring total payments to £49.4 million and one application was under consideration. Further details are at Appendix 13.

#### *Investment Support for Microelectronics (MISP2)*

35. This programme of support was announced by the Secretary of State on 19 March 1984 to follow the

Microelectronics Industry Support Programme 1 (see paragraph 44) and closed for applications on 12 January 1988. The programme sought to ensure that the electronic equipment industry had access to internationally competitive microelectronic devices and that the UK had a sound basis for maintaining that capability. Assistance was provided under Section 8.

36. At 31 March 1988 assistance totalling £41.7 million had been offered for 110 projects costing £274 million. Further details are at Appendix 17 (this includes assistance for Gallium Arsenide projects).

#### *Investment Support for Fibre Optics and Opto-Electronics*

37. This measure of support, which was closed for applications on 12 January 1988, provided assistance towards the design and development of optical fibres, opto-electronics, optical sensors, instruments and production processes. Assistance was given both under Section 8 and under the Science and Technology Act 1965. At 31 March 1988 assistance totalling £41.3 million had been offered; £6 million under Section 8 with payments totalling £4.3 million. Offers under the Science and Technology Act 1965 amounted to £35.3 million of which £26.2 million had been paid. Further details are at Appendix 18.

#### *Support for Advanced Manufacturing Technology (AMT)—Project Planning and Implementation*

38. Support for AMT Planning and Implementation Consultancy Studies under Section 8 of the Act closed for applications on 31 March 1988. At 31 March 1988, assistance totalling £14.7 million had been offered towards 962 studies; a further 388 applications remained under consideration. Payments of £6.9 million had been made. Further details are at Appendix 16.

#### *Coal Firing Scheme*

39. This scheme, originally known as the Coal Fired Boiler Scheme, opened for applications on 22 May 1981. It aimed to help the coal industry compete in industrial markets; and to reduce industrial energy costs and the UK's longer term dependence on oil and gas. Coverage was extended in March 1982 to include all industrial equipment which is oil and/or gas fired. Capital grants of up to 25 per cent of the costs of converting or replacing such equipment were available.

40. The Exchange Risk Guarantee Scheme (ERGS) was extended in November 1982 to cover loans from the European Coal and Steel Community (ECSC) or its agents, Investors in Industry, for approved projects involving conversion to coal firing equipment. The ERGS was discontinued on 31 December 1985.

41. The administration of the scheme had been the responsibility of the Secretary of State for Energy since 1 April 1984. The scheme closed to new applications on 30 June 1987. As at 31 March 1988, assistance totalling

£50.2 million had been offered for projects costing £273.6 million. Payments totalled £43.9 million. Further details are at Appendix 21.

#### **Measures closed for application before 31 March 1987 with payments outstanding**

##### *Selective Investment Scheme*

42. Although no payments were made in 1987-88, residual payments are expected to be made in 1989-90 in respect of projects assisted under this scheme. At 31 March 1988 payments of assistance totalled £97.4 million. Further details are at Appendix 22.

##### *Quality Assurance Support Scheme*

43. The scheme was launched on 20 June 1983 and closed to applications on 19 December 1986. It was designed to help small firms to improve their quality assurance to the level required for third party assessment based on British Standard 5750 or its equivalent. On 31 March 1988, assistance totalling £4.2 million had been offered for 542 projects costing £18.8 million and a further 6 applications were under consideration. Further details are at Appendix 19.

#### **Schemes closed for application before 31 March 1987**

##### *Microelectronics Industry Support Programme (MISPI)*

44. This scheme was designed to support the UK microelectronics industry, including the design and manufacture of silicon integrated circuits and the infrastructure companies which supply equipment, materials and services. Support was also provided for the development of other microelectronic and associated semiconductor devices. Assistance was provided under Section 8 of the Act and under the Science and Technology Act 1965. At 31 March 1988, assistance totalling £63.6 million had been offered, £59.1 million under Section 8, with payments totalling £53.3 million. Offers under the Science and Technology Act 1965 amounted to £4.5 million and of this £4.2 million had been paid. Further details are at Appendix 24.

##### *Support for Advanced Manufacturing Technology (AMT)—Project Installation*

45. Support for AMT Project Installation closed for applications on 30 June 1986. At 31 March 1988, assistance totalling £58.7 million had been offered for 341 projects costing £266.0 million. Payments totalling £37.6 million had been made. Further details are at Appendix 16.

##### *Innovation-Linked Investment Scheme*

46. This scheme aimed to assist small and medium size enterprises (employing up to 500 people) launch into production of new or significantly improved products or processes. At 31 March 1988 assistance

totalling £2.2 million had been offered for 68 projects costing £12.0 million, and payments totalled £1.4 million. No further payments are expected to be made. Further details are at Appendix 23.

### *Offshore Supplies Interest Relief Grant Scheme*

47. During the year grants totalling £336,000 were paid bringing total payments at 31 March 1988 to £180.3 million. The scheme closed to new applications in 1979. All claims have now been settled and no further payments are expected to be made.

### **Individual Applications under Section 8**

48. Cases that cannot be assisted under the General Investment Support for Major Projects, and do not qualify for assistance under other support measures can, on an exceptional basis, be helped using the general powers of Section 8, subject to Treasury and European Commission approvals. There was one such case in 1987-88.

49. Assistance was offered under Section 8 in 1986 to RTZ Corporation PLC's subsidiary Carnon Consolidated Ltd, which owned two tin mines in Cornwall. During 1987-88 Carnon Consolidated Ltd faced serious difficulties because of the severely depressed tin price. Agreement was reached in March 1988 for RTZ to sell Carnon Consolidated Ltd to a new company, Carnon Holdings Ltd, owned by the management and employees. RTZ made an interest-free loan of £10 million to Carnon Holdings and provided £17.3 million in their 1987 accounts for their costs on this disposal. The Government agreed to convert its guarantee of £10 million commercial loans under the 1986 assistance into an interest-free loan to Carnon Holdings Ltd in addition to its original £15 million interest-free loan which will remain in place. This finance, together with RTZ's, will help to secure the continuation of tin mining and employment in Cornwall and should enable the main elements of the modernisation programme begun in 1986 to be completed. The loans will be repaid from the profits generated by the company if the project is fully successful. DTI loan payments during 1987-88 totalled £2.155 million, provided out of the 1986 loan.

### **Special Assistance to Shipbuilding and Associated Industries**

#### **John Hastie of Greenock (Holdings) Ltd**

50. In 1976 a loan of £700,000 was made to Vickers Ltd—under the 1972 Industry Act, as amended—to enable them to purchase John Hastie of Greenock (Holdings) Ltd from the receiver. £600,000 of this loan was repaid on time. During the period of account £50,000 was repaid and the remaining £50,000 was written off. Also in 1976 the Department acquired 40,000 'B' redeemable participating shares of £1 each and 310,000 'C' redeemable preference shares of £1 each. During the period of account these shares were transferred to Vickers Ltd for the nominal fee of £1 in respect of the 'B' shares and £1 in respect of the 'C' shares under the terms of an agreement with the Department dated 21 April 1987.

### *Shipbuilding Intervention Fund*

51. On 22 December 1986, agreement was reached in the Industry Council on a new European Council Directive on State Aids to the Shipbuilding Industry. The Directive permits assistance, both direct and indirect, based on the monitored gap between the costs of the most efficient European shipbuilders and the prices quoted by the market leaders. The Directive came into effect on 1 January 1987 and has a life of four years. The ceiling is subject to annual review and for 1988 has been set at 28 per cent of building cost for ships costing more than 6 million European currency units and 20 per cent for ships whose costs are below this level. The Sixth Directive levels are permissive. It is for individual Member States to decide the amount of support they wish to make available.

52. On 4 December 1987, the Chancellor of the Duchy of Lancaster informed Parliament of a change in the administration of assistance for smaller ships. As the intensity of international competition generally diminishes as the size and cost of ships fall, offers of assistance from the IF for smaller ships will normally be limited within a sliding ceiling related to the cost of build. The normal maximum for ships costing £10 million to build will be 20 per cent. This will fall by three quarters of one percentage point for each one million pound reduction in the cost of build below £10 million. Within the ceiling, offers will be negotiated as the minimum necessary to secure orders for UK yards, always provided the rules of the Sixth Directive on aid to shipbuilding are met.

53. During the year, grants of £31.6 million were offered to secure orders for 31 ships totalling 83,674 tonnes. Total grants offered from the inception of the Fund in February 1977 to 31 March 1988 amounted to £353.9 million covering orders for 275 ships with an aggregate tonnage of 2.2 million.

### **Assistance under Part III of the Industry Act 1972**

#### *The Home Credit Scheme*

54. Payments under one guarantee were made during the year ended 31 March 1988, where the net proceeds of the sale of the vessel concerned fell short of the balance of the guaranteed loan outstanding. The total paid was £1.1 million. The scheme, under which discounts are granted to reflect the savings of future interest support on loans that are repaid ahead of time, continued through 1987-88. During the year, two loans were repaid early under this scheme attracting discount totalling £0.25 million. At 31 March 1988, the total amount of principal guaranteed was £754 million. Further details are at Appendix 25.

### **Small Firms' Activities under Section 11 of the Industrial Development Act 1982**

55. The powers in this section of the Industrial Development Act 1982 are used principally to support the provision of advice to small firms. In England the

services described in paragraphs 56 to 64 are administered by the Department of Employment; similar services are, however, provided in Scotland and Wales under the powers in the relevant Development Agency Acts.

### **Small Firms Service Counselling Activities**

56. Previous reports explain the background to this facility. During the year the number of new clients coming forward for counselling was 27,259 compared with 27,158 in 1986-87. The total number of counselling sessions for new and existing clients increased from 38,210 in 1986-87 to 39,138.

57. Each clients first three counselling sessions were free of charge; if further counselling was required each additional session was charged at £30 (including VAT). During the year a proportion of the Service's resources was actively targeted at established businesses, to make such firms better aware of the skills and expertise that the service can offer. The year also saw the publication of the Small Firms Service's second Annual Report.

58. Small Firms Service counsellors are employed on a yearly contract basis. At 31 March 1988, 329 counsellors were under contract to the Department of Employment, compared with 284 at 31 March 1987.

59. Counsellors are paid a fee of £40 per day for their services, plus travelling expenses. The Counselling Advisers, who co-ordinate each Regional team, are paid £65 per day. Counselling Co-ordinators who draw together the advisory work in sub-regions, are paid £53 per day.

60. The overall cost of the Small Firms Service for the year 1987-88 was £6.2 million excluding accommodation costs. This covered the counselling service described above and also a comprehensive enquiry service which handled over 266,000 enquiries from small businesses during the year.

### **Assistance to Local Enterprise Agencies**

61. The Local Enterprise Agency Grant Scheme is a pump-priming scheme designed to encourage, over a five year period, the development of a network of viable agencies. Funding is directed towards those agencies which display potential long-term viability but which currently lack sufficient support. £2.75 million was allocated to the scheme for the financial year 1987-88 and details of payments made are at Appendix 26.

62. In recognition of the need to strengthen local enterprise agencies in rural areas, an additional fund of £250,000 was made available. This additional funding was available for the period 1 April 1987 to 31 March 1988 only and details of payments made are at Appendix 26.

63. Financial support was again given to Business in the Community (BiC) to assist with the costs of local

enterprise agency personnel attending courses, in the main, at Durham University Business School, and with the costs of publicity and promotion literature. Payments during the year totalled approximately £174,000.

### **Management Training**

64. During the year the Department of Employment paid grants totalling £173,550 to 8 separate projects which were aimed at providing advice and support to small businesses through the development of new or different forms of management training. Further details are at Appendix 27.

### **Other Matters and Developments in 1987-88**

#### **Inward Investment**

65. 1987-88 was another very full year for the promotional activities of the Invest in Britain Bureau. In the year ending March 1988 they included 38 separate events (7 inward missions, 25 seminars/presentations and 6 other promotional events). About 30 are planned for 1988-89.

66. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the UK in 1987-88, since not all such investment is notified to the Department, particularly when it takes place outside the Assisted Areas or involves expansion on an existing site. In its Annual Report for the calendar year 1987, however, the Invest in Britain Bureau recorded a total of 301 decisions to invest or expand investment in the UK creating in the long term 19,858 jobs and safeguarding 17,190 others.

67. Another useful indicator of the level of inward investment is the amount of assistance offered under the Industrial Development Act 1982 to foreign-owned companies. In the year to 31 March 1988 offers of £84.6 million were made under Section 7 to such companies for 85 projects estimated to cost £835.4 million. These projects are expected to create 8,752 jobs and safeguard 6,430 others. Of the projects assisted, 48 per cent involved American-owned companies and these accounted for 39 per cent of total project costs under this section and 45 per cent of the value of offers made. Of the 7 projects assisted under Section 8 General Investment Support for Major Projects all were foreign-owned and received offers of assistance totalling £2.695 million.

#### **Publication of Assistance Offered**

68. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1988 were published in British Business on 28 August and 27 November 1987, and 26 February and 13 May 1988. In accordance with previous arrangements publication was limited to offers of grants of £5000 or more.

69. Similarly, details of offers of Section 8 assistance of £5000 or more were published in British Business on 14 August and 16 October 1987, and 22 January and 29 April 1988.

70. Details of payments of Regional Development Grants totalling more than £25,000 in a quarter to undertakings in a Travel-to-Work Area were published in *British Business* on 4 September and 18 December 1987, and 12 February and 6 May 1988.

## **Commentaries by the Industrial Development Advisory Boards and Industrial Development Boards**

### **Industrial Development Advisory Board**

The Board has continued to advise the Secretary of State on the provision of selective financial assistance under Sections 7 and 8 of the Act. Nine meetings were held to discuss 26 applications for assistance.

The Board considered 14 applications under Section 7, which provides for assistance to projects in Assisted Areas that create or safeguard employment. Of these the Board found that 12 applications met the relevant criteria and recommended the assistance proposed.

Only one application for assistance under Support for Major Projects was considered by the Board. It was considered to meet the criteria and assistance was, therefore, recommended. There were no applications under Assistance for Exceptional Projects. The Board recommended assistance on one application for investment support for Advanced Manufacturing Technology and three applications under Investment Support for Micro Electronics.

One application for assistance under both Investment Support for Fibre Optics and Opto Electronics and Support For Innovation was considered. The Board considered that the application met all the relevant criteria.

At Ministers' request, the Board also advised on major Support For Innovation applications for assistance under the Science and Technology Act 1965. Six applications were considered, involving both single company and collaborative projects. Of these the Board found that five met the relevant criteria and recommended the assistance proposed.

Members of the Board undertook a visit to the North West in July. Visits to a number of companies were arranged and the Trafford Park and Salford Quay developments were seen. Members also visited Halewood, Speke, Toxteth and the Albert Dock complex in Liverpool. Whilst in the Area, the Board took the opportunity to hold discussions with the North West Industrial Development Board. The Board found the visit very worthwhile.

The Board were pleased to welcome the Chancellor of the Duchy of Lancaster to their October meeting. They were grateful for the advice and guidance of the Chancellor and for his close interest in the work of the Board.

SIR RONALD HALSTEAD CBE  
*Chairman*

## **Scottish Industrial Development Advisory Board**

Industrial activity in Scotland recovered gradually over the second and third quarters of 1987, after a relatively weak start to the year. Activity in the oil-related sector stabilised during the latter part of 1987, and exploration activity has picked up again. Recent Survey evidence suggests that business confidence and performance continued to recover across a wide spread of sectors in late 1987 and early 1988. The immediate prospects for industry in Scotland appear brighter than they have been for some time.

Seasonally adjusted unemployment fell almost continuously throughout 1987 and the early months of 1988, falling by 45,800 over the year to March 1988. After widening significantly over the course of 1986, the Scottish-UK unemployment rate difference stabilised at around 3.2 percentage points over the last year.

The improved output performance has influenced investment intentions in manufacturing over the past year. After a period of particular caution by the industrial community in 1986, Survey evidence pointed to a significant increase in manufacturing investment intentions over the course of 1987, and it appears that, for the first time in many years, a significant portion of new investment is designed to increase plant capacity rather than to modernise existing facilities. The improvement has been spread widely across most sectors of manufacturing industry, although the improvement has so far been less marked in food, drink and tobacco, and chemicals.

In the financial year 1987-88 applications for Regional Selective Assistance (RSA) worth £93.5 million in grant were received for 234 projects. This represented an increase of 3 per cent of the value of applications received in 1986-87.

192 offers of RSA were accepted in 1987-88 compared with 138 in the previous year. These offers had a value £57.6 million (+67 per cent) and were expected to create 8,540 new jobs (+90 per cent) and to safeguard an additional 5,550 existing jobs (+56 per cent). Associated project costs in 1987-88 were £554.5 million (+13 per cent). (Percentage change on previous year's figures shown in brackets.)

RSA continued to play an important part in encouraging investment by overseas companies in Scotland with the number of applications by overseas-owned companies rising from 21 in 1986-87 to 24 in 1987-88. The value of grant sought in 1987-88 was £28.0 million (-44 per cent) and associated project costs £297.6 million (-2 per cent). Offers of RSA valued at £29.4 million (+87 per cent) were accepted in 1987-88. These were associated with project costs of £262.6 million (-17 per cent) and over 6,000 new or safeguarded jobs (+106 per cent).

European Investment Bank (EIB) funds continued to be available with a minimum loan now in the region of £1.5 million, either in sterling or mixed currencies. The Government continued to offer Exchange Risk Guarantees.

tee (ERG) on European Coal and Steel Community (ECSC) loans of up to £500,000 and 46 offers of ERG were made on ECSC loans with a value of some £10.2 million.

The Better Business Services (BBS) and Better Technical Services (BTS) Schemes remained popular among small firms and their business advisors. The Schemes, which were outwith the Board's main function of advising the Secretary of State, were funded through the European Regional Development Fund under a series of special measures directed to areas which have suffered a decline in the traditional industries of steel, shipbuilding and textiles. In Scotland these areas comprised Strathclyde Region and much of Tayside Region (Dundee, Arbroath, Blairgowrie and Kinross).

The aim of the Schemes was to enable small and medium sized firms to benefit from independent professional advice. BBS covered the areas of management, finance, administration and marketing while BTS covered more in-depth market investigation, design and development and useful advice on patent search and registration. During 1987-88 5,565 applications for BBS were received with over £1.3 million being paid in grant. BTS attracted 1,720 applications and nearly £1 million was paid in grant.

A third element of ERDF funded support to small and medium sized firms was the Government Assistance Promoters Scheme (GAP). This Scheme was aimed at promoting the availability of the wide range of Government and EC schemes of assistance. After a successful pilot year in 1986, a further three organisations were appointed to join the original ten, from both the public and private sector, to take part in the Scheme. £273,000 spend has been committed in 1987-88. In addition, the Department organised or took part in five major exhibitions and 41 seminars and case surgeries where the range of government assistance was explained and promoted.

Many of the services provided by BTS and GAP are now included as part of the Government's new Enterprise Initiative, and the schemes were therefore discontinued from 1 April 1988. BBS will continue to be available but only for companies employing fewer than 50 people and will be administered by the Scottish Development Agency.

During the year, Mr J M Little was re-appointed to the Board for a further three year term. Mr J Langan retired at the expiry of his term of membership, and the Board records its appreciation of his valuable contribution. Mr D Shoat resigned from the Board. Mr D M Paterson and Mr R Thomson were appointed to fill the vacancies thus created.

SIR ROBERT C. SMITH CBE  
*Chairman*

## **Welsh Industrial Development Advisory Board**

### *Industrial/Economic Background*

The year began on an optimistic note with industrialists

confident that opportunities existed, both in domestic and overseas markets, to move from very modest to strong growth. This was translated into reality with a 5.5 per cent increase in the level of production during 1987 — the highest annual growth rate for 10 years.

Although this growth took place within a strongly expanding UK economy, it was in large part made possible by the re-invigoration of existing companies in Wales and the introduction and expansion of new industries.

Some of the growth in output has been achieved through increased productivity and has therefore not been matched by an equivalent growth in employment. Nevertheless, there has been a net increase of 6,000 in manufacturing employment since mid-1986 and total notified redundancies in 1987 were nearly 60 per cent down on the equivalent figure for the previous year. Against this general background, it is instructive to look at some of the positive achievements of recent years in certain sectors of the economy. The information technology and electronics industries now provide over 23,000 jobs and have increased output over the last decade by nearly 250 per cent in real terms. New manufacturing plants set up in Wales since the beginning of 1979 currently employ over 38,000 people. Wales has also seen developments outside the manufacturing sector, especially in the important area of financial services, where employment has increased from its 1979 level of 20,000 to 64,000 at the end of the period under review.

The monthly unemployment rate has fallen consistently for two years and, by March 1988, stood at 11.5 per cent — the lowest rate since October 1981. This is very encouraging although there clearly remains a need for additional job-creating investment. The stimulation of enterprise and the attraction of new investment — particularly from overseas — will remain important elements in meeting the challenge of change which is still a feature of the industrial situation in Wales. It is, however, likely that the large scale structural changes which have had to be faced for several years are now behind us so that future successes will begin to be directly reflected by more positive growth in output and employment opportunities.

Towards the end of the year, the rise of Sterling, particularly against the Dollar and the Deutschmark, led to apprehension that economic growth in 1988 might be slower than in 1987. While that prospect still remains, there is optimism that the UK economy will continue to grow strongly, thus providing the opportunity for Wales to secure further overseas investment as well as expansion by the many new companies which are prospering in the Principality.

### *The Enterprise Initiative*

In January the Government announced the phasing out of the Regional Development Grants Scheme and the introduction of new Enterprise Initiatives, including grant schemes to assist consultancy studies and, in the Development Areas, to support investment and innovation projects by small firms. This announcement was

coupled, in Wales, with the provision of substantial additional resources for the Welsh Development Agency to assist in its factory building programme and its contribution to urban renewal and rural development, and increased planned spending on regional grants. The Board are anxious that industry in Wales should take full advantage of the additional opportunities and resources which have been provided.

### *WINvest*

During the year, WINvest has maintained the high level of success achieved since it was established in 1983. 55 projects were undertaken by overseas-owned firms, of which 19 were new investments—7 from Europe, 7 from North America and 5 from the Far East—involving 1,535 jobs and capital investment of £37 million. Expansions by established foreign-owned operations which should create a further 2,224 jobs and safeguard another 607 will involve capital investment of £220 million. Including acquisitions and joint ventures, the total number of jobs created or safeguarded was nearly 6,200 while capital investment amounted to £290 million.

### *Welsh Development Agency*

The availability of suitable factory accommodation is an important ingredient in Wales' ability to attract new projects and we were very pleased to note that, during the year, the WDA has again exceeded its own past records by letting 2.2 million square feet of floor space. Over the next three years, a further 4.5 million square feet of industrial floor space is to be developed—sufficient to accommodate up to 13,000 jobs in addition to those associated with the letting of the Agency's existing stock.

### *Regional Assistance*

During 1987-88, applications for Regional Selective Assistance were received in respect of 199 projects and 137 offers of assistance with a value of £36.9 million were accepted by companies. These projects are expected to create 7,600 new jobs and safeguard a further 3,300. It is encouraging to note that the proportion of new, as opposed to safeguarded, jobs is significantly higher than in recent years.

Of particular note among these projects is the decision by the TSB Trust Company to locate a major expansion of its general insurance business in Newport. This project is expected eventually to employ 2,000 people. In the manufacturing sector, Sheerpride will create some 300 jobs with the establishment of its modernised and expanded office furniture plant at Hirwaun, while OP Chocolates, now part of the Ranks Hovis McDougall group, will increase its workforce at Merthyr Tydfil and Abergavenny by 200.

A number of the Japanese companies now well established in Wales have announced expansion plans. These include Sony, who will take on another 300 workers as part of a £30 million development of its television and components factory in Bridgend, while Sharp will create

150 jobs with a move into the manufacture of plain paper copiers at Wrexham. Wales has also benefited from the beginnings of a second wave of Japanese inward investment with projects being announced by component manufacturers such as Diaplastics at Bridgend and Matsushita Electronic Components at Port Talbot.

Exchange risk cover was provided on loans of some £5 million from the European Coal and Steel Community, while 1,437 projects promising 22,000 new jobs, were approved for new-style Regional Development Grants with a total value of £72.5 million. A large number of companies took the opportunity to apply for RDG before the closure of the scheme. In the period January-March, a total of 1,900 applications were received, an increase of 265 per cent over the corresponding quarter last year and an increase of 16 per cent over the whole of 1986-87.

The Business Improvement Services package of schemes has continued to operate successfully with both the number of applications and value of grant offers showing an increase over the previous year. During 1987-88, 919 applications were received and 678 offers of grant, totalling £2.6 million, were made. The BIS scheme ends this year to new applications though small firms in Development Areas will continue to be eligible for assistance under the new Regional Enterprise Grant schemes, which were announced as part of the Enterprise Initiative.

### *Board Membership*

As we recorded in last year's report, a vacancy occurred following Mr Alan Cox's resignation from the Board in April 1987. This was filled in September by the appointment of Mr Malcolm Wallace, Managing Director of ASW Holdings plc. Subsequently, Mr John James retired from the Board after 3 years while Mr Jim Mochan, who had served for nearly two years, found it necessary to withdraw for business reasons. We pay tribute to the contribution which Mr James and Mr Mochan made to our deliberations. In their place, the Secretary of State has appointed Mr David Jenkins, General Secretary of the Wales TUC and Dr Alan Folwell, a metallurgist with considerable experience in industrial management.

P J PHILLIPS, OBE  
*Chairman*

## **North Eastern Industrial Development Board**

### *Industry in the Region*

The year has seen a continuation of the solid upturn in the regional economy. Business confidence and optimism for the future is at its highest level for some years following a sustained growth in output and sales in both home and export markets. This growth is expected

to continue next year though it is thought unlikely that the current rate of growth will be maintained.

Most industries in the Region have shared in this upturn although the improvement has been led by newer and modernised businesses in growth sectors of industry. There are also signs of a durable recovery in the steel industry with a substantial regional contribution to British Steel's record results. The construction industry has shown signs of picking up though a dearth of capital projects remains. In the shipbuilding industry, conditions remained difficult in a highly competitive market with world-wide overcapacity.

Export activity has increased over the year and exporters are optimistic about future prospects. There is also encouraging and growing interest in exporting for the first time particularly from small firms.

The expansion of the Region's economy has created a number of bottlenecks, particularly on the availability of factory space which, while reflecting past success, is nevertheless a matter of concern. In addition there are increasing reports of skill shortages. However, given the scale of idle resources, the economy is still far from overheating. Although there is upward pressure on wages, settlements are being self-financed on the whole by further productivity improvements. Unit labour costs and other costs under firms control are being contained though firms continue to express concern about the burdens of rates and energy charges and their impact on competitiveness.

### *Inward Investment*

The North East of England continues to attract major investment decisions, with Far Eastern companies, such as Sanyo, Samsung and Mitsumi contributing the largest amount of inward investment in terms of job creation and the value of projects. The largest single development was that of the phase 3 expansion of Nissan making Sunderland the site of the largest single Japanese investment in Europe. This is already leading to additional benefits through the attraction of various Nissan subcontractors to the area.

Investment from the USA has diminished due to a combination of a weaker dollar and a somewhat depressed internal economy. However, expansions by overseas companies have contributed significantly to the regional scene and there have been investment decisions by Norwegian, German and Swedish companies.

During the year DTI North East, in close collaboration with the Northern Development Company, was involved in over 150 inward investment visits and 21 overseas companies decided on a North East investment. Current overseas enquiries are 50 per cent up on the previous year.

### *Unemployment*

The improving economic situation has also begun to make a substantial impact on the regional labour

market and the trend of lower unemployment is now firmly established. Redundancies in 1987 were 44 per cent down on 1986. In March 1988, 174,000 people or 15.9 per cent of the workforce were claiming benefit in the North-East compared with a national rate of 9.1 per cent, a fall of 26,700 on the previous year.

Unemployment has fallen almost consistently for 18 months and stands at its lowest level since May 1981. However notwithstanding these favourable trends the Region still faces the highest unemployment rate in Great Britain and contains some of the country's major unemployment blackspots—South Tyneside (22.0 per cent), Hartlepool (20.2 per cent) Middlesbrough (19.0 per cent) and Sunderland (18.2 per cent). Similarly around 42.5 per cent of the unemployed have been out of work for over a year. A key issue in the region is the need for training for both the unemployed and employed workforce for current and future market needs, an issue that must be addressed by Industry itself as well as the renamed Training Commission.

### *Regional Financial Assistance*

#### **(a) Regional Development Grants (RDG)**

Following the end of the original Regional Development Grants (RDG) scheme in November 1984, payments have fallen from £68 million in 1986-87 to £27.3 million in the financial year 1987-88. Under the RDG II scheme 5,800 applications for assistance were received in the financial year. Payments totalling £30.8 million were made to 31 March 1988, an increase of £8.8 million on the grant paid in the previous year. In 1987-88 approval of grant was given to 2,360 projects with a total expected grant of £71.5 million. The majority of approved projects, some 85 per cent, continued to be in the manufacturing sector.

#### **(b) Regional Selective Assistance (RSA)**

Offers of RSA were made against 267 projects, a 29 per cent increase compared with 1986-87. Total assistance was £31.8 million on related capital investment of £261.5 million. The projects will provide 6,134 additional jobs and safeguard 3,236 others. During the year 341 applications were received which was 50 per cent greater than 1986-87. The continuing rise in applications from the small firms sector is demonstrated by the high percentage of £25,000 and under projects that have been assisted (49 per cent of offers).

In addition, agreement has been reached with Nissan to provide RSA/RDG assistance of up to £25 million against project costs of £216 million to create 1,400 jobs at its Sunderland site.

#### **(c) Business Improvement Services (BIS)**

The year saw the BIS scheme in the Region draw virtually to a close. A total of 419 small firms were offered grants amounting to £1.5 million. Consultancy support continued to be popular, 336 firms receiving offers totalling £450,000. New product or process feasibility grants totalling £897,000 were offered to 37 small firms.



#### **(d) Enterprise Initiative Schemes**

The nationally available consultancy support measures introduced in January under the Enterprise Initiative were welcomed regionwide as were the Regional Enterprise and SMART grants announced on 31 March 1988. Interest in the Initiative was particularly strong in areas where BIS had ended. By 31 March 1988, 195 applications and 1,476 enquiries had been received for the consultancies on offer.

#### **Other Matters**

##### *Inner Cities*

The range of initiatives announced over the past few years designed to regenerate inner urban areas in the region are now establishing track records of activity and success. The City Action Team in Newcastle/Gateshead, the Cleveland Co-ordinating Team and similar teams in Sunderland and South Tyneside have effectively coordinated the activities and spend of government and, through the City Action Team budget, also supported a number of projects in the areas of training, marketing and new technology. The Inner City Task Forces in Middlesbrough and Hartlepool are successfully harnessing local community effort to improve employment, enterprise and training opportunities while the Urban Development Corporations are beginning to make inroads into the major problems affecting the Tyne, Wear and Tees industrial riversides.

##### *European Matters*

A major effort is required to raise awareness of the opportunities and the threat to traditional industries which will arise on the opening of the European Market in 1992. DTI North East along with other agencies in the Region is working hard to ensure that businesses in the Region do not lose out because of lack of knowledge and major awareness campaigns are planned from now until 1992.

Two North East initiatives have been further developed during the year to enhance the Region's technology base. These are the seven Sector Working Groups comprising senior industrialists and academics in key industrial sectors of high technology and the initiative to link the North East of England to four other European centres, Grenoble, Turin, Barcelona and Graz in all aspects of industrial research, development and higher education. A high technology trade fair and colloquium, 'TEC 88' to be held in Grenoble this year represents the climax of collaborative endeavours to date. Both initiatives will be harnessed to promote the single European Market campaign.

MR L R MANN, OBE

During the year Mr Mann retired from the NEIDB. He has made an immense contribution to the Board over a 10 year period both as Member and Chairman and his analyses, comments and wise guidance have been invaluable. The Board therefore wishes to place on

record its warm appreciation of the Chairman's distinguished service.

R F BISHOP, CBE  
*Chairman*

#### **Yorkshire and Humberside and East Midlands Industrial Development Board**

##### **Yorkshire and Humberside Region**

##### *General*

Business confidence in the Region has been generally high, with the majority of manufacturers recovered from the recession and enjoying healthier order books, higher output and increased productivity. Unemployment has continued to edge downwards, with most of the growth in jobs coming from small and medium companies. A few significant redundancies have occurred in manufacturing, but these have tended to be offset by growth in services.

The economy of Yorkshire and Humberside is unusually diverse. Agriculture, coalmining, retailing and services are important as well as manufacturing. Although this diversity is a strength which has greatly helped the Region through the recession, it would be wrong to minimise the Region's chronic problems: a continuing high rate of unemployment especially in those parts of the Region which have excessive dependence on declining industries such as steel, heavy engineering and coalmining; a shortage of new high technology industry; some depression and uncertainty over prospects in agriculture; and large conurbations with areas of inner city blight and decaying infrastructure.

Reflecting the general buoyancy and optimism in the economy, business investment was at a high level. Although investment has taken place in all parts of the Region, Humberside has been particularly successful in attracting a steady flow of major industrial and commercial projects, with over £800 million estimated to have been invested in 1987 and 5 million square feet of new factory and office space constructed and occupied. The announcement of a science park in Sheffield, with £2 million investment by English Estates, adding to schemes already operating in Leeds, Bradford and Hull, will give Yorkshire and Humberside a high concentration of science parks linked to universities and provide a welcome focus for the development of new technology-based firms in the Region.

Traditional manufacturing industries, such as wool textiles, clothing, steel, engineering and glass, remain vital to the health of the regional economy. Most of these have been doing well. The wool textiles industry, now making extensive use of new technology in production and design, had a successful exporting year in 1987, exceeding the 1986 total by some £40 million, the major market having once again been the EEC. British Steel Corporation's plant at Scunthorpe worked at very high capacity and has broken production records. Mechanical engineering has continued to be one of the

Region's most uncertain sectors, although order books have been improving. The Region's glass container industry has also been affected by rationalisation, resulting in the announcement of a glass works closure with the loss of 500 jobs at Mexborough in South Yorkshire.

### *Unemployment*

In line with national trends, unemployment in the Region fell during the period from 13.0 per cent in March 1987 to 10.9 per cent in March 1988. Unemployment in South Yorkshire generally remains significantly above the regional average and continues to give cause for concern.

Despite the high unemployment level, skill shortages are emerging on a significant scale. A recent regional Chamber of Commerce survey found 4 out of 10 respondents were having difficulty in recruiting skilled labour. In the manufacturing sector the engineering, textile and motor industries experienced particular problems; construction workers and experienced office and accountancy staff were also hard to find.

### *Government Assistance*

Following the introduction in February 1987 of the simplified application procedure for Regional Selective Assistance grants of £25,000 and under there was a sharp rise in the number of applications for small value grants, and a corresponding increase in the number of offers made. In the year under review, the Regional Office made a total of 165 offers (107 in 1986/87). The value of grants offered totalled £9.1 million (£8.3 million) in support of projects involving capital expenditure of £113 million (£75.7 million). It is expected that the projects will create or safeguard 4242 jobs (3909).

The distribution of assistance across the Region shows that 52 firms were offered assistance in West Yorkshire (ie Bradford Travel-To-Work Area), 68 in South Yorkshire, 44 in Humberside and one in North Yorkshire.

Projects assisted covered a broad spectrum of industry, with engineering and metal products, printing, food processing and computer equipment and services being well represented. Scunthorpe has been particularly successful in attracting major inward investment projects, including one by Devalit Plastik, a German company, and one by Citizen Watch, the Region's first major Japanese investment on a greenfield site. Another major assisted project was a joint venture between a West German company and a company in West Yorkshire to manufacture plastic components for the motor industry, resulting in the formation of a new company Kautex-Birkby Ltd.

Monitoring of projects supported by Regional Selective Assistance shows that 70 projects were completed within the year, realising 3441 jobs created or safeguarded compared with 3504 forecast. 7 projects were reduced in scale but realised 410 jobs created or safeguarded compared with 548 jobs forecast.

In the year approval for grant under the revised Regional Development Grant Scheme was given to some

900 projects (700 in 1986-87) with a total expected grant of £37.9 million (£18 million).

## **East Midlands Region**

### *General*

There has been a consistent show of optimism throughout the year. Investment has increased as have home and export market sales. Orders are at a higher level than a year ago and more businesses are working at full capacity.

Job creation has been most apparent in the south while job shedding has taken place in northern areas particularly in the coalmining and engineering sectors. In the clothing and footwear industries there have been both redundancies and skill shortages reflecting the further rationalisation of the industries and their success in moving upmarket. This is particularly apparent in the footwear sector which has been hit by low cost imports but has improved its exports of higher quality products.

Skill shortages, which are also present in engineering and high technology companies, are increasingly cited as a restraint on growth. Some smaller companies consider that to remain competitive in the short term they cannot afford to devote resources to training, the benefits of which take time to accrue. Positive efforts are, however, being made to tackle the problem of skill shortages. Commitment of private sector funding for the Nottingham City Technology College has continued to grow.

Export performance generally has continued to improve but towards the end of the year there has been some concern about the rise in the value of the pound. Markets of particular interest have been the EC, the USA and the Middle East, with Turkey and Australasia becoming more popular. There is growing interest in China and the Soviet Union. Companies' awareness of the Single European Market has increased through the year.

### *Unemployment*

Unemployment throughout the region has fallen over the past year. In March 1988 the number unemployed was 161,984 a decrease of 35,167 from March 1987. The number of redundancies reported also fell considerably in 1987. Coal mining continues to account for a high proportion of these. The unemployment rate in the Corby Development Area showed a marked decrease over the period from 16.8 per cent to 10.9 per cent.

### *Government Assistance*

In the year ended March 1988, 42 offers (32 in 1986-87) of assistance under Section 7 of the Industrial Development Act 1982 were made for projects costing £23.2 million (£25 million in 1986-87). Grants offered totalled £1.4 million (£3.1 million) and it is expected that 1057 (1004) jobs would be created/safeguarded as a result. The number of RSA applications has increased over the previous year. This can be related to the simplified appraisal for projects with grants of less than £25,000.

Twenty four projects were completed during the year. These created 647 jobs, compared with the forecast of 564. Four projects terminated before completion.

In 1987-88 approval for grant under the revised Regional Development Grant Scheme was given to 230 projects with a total expected grant of £24.3 million.

### *Changes in Membership*

During the year Mr Lyles and Mr Silver retired from the Board after 10 years' and 4 years' service respectively. The Board wishes to express its gratitude for their valuable contributions.

Four new members, Mr Wilkinson, Mr Martin, Mr Johnson and Professor Higgins were welcomed to membership of the Board.

T McDONALD, OBE FCA  
*Chairman*

### **South West Industrial Development Board**

The economy of the Region overall has continued to improve, and the unemployment rate fell from 9.5 per cent to 7.9 per cent during the year. The welcome introduction of the Enterprise Initiative will encourage the healthy growth of smaller, indigenous companies, which, as the Board has remarked previously, has been inhibited by lack of access to expertise and capital. The Board welcomes the move towards selectivity in grant support by the abolition of Regional Development Grant, and has noted that the positive use of Regional Selective Assistance with excellent cooperation with the local authority in the Forest of Dean has been successful in arresting and reversing the decline of the economy in that area. But the Board is concerned that the abolition of Support for Innovation grants for single companies may inhibit technological advance in the larger companies.

The proposal to establish a Devon and Cornwall Development Company may prove to be the most significant development of the year in the South West Region. The Board welcomes this private sector led initiative, and commends it to public and private sector alike, as a positive step towards bringing the energies and skills of the whole community to bear on the persistent problems in the two Counties. The Board also welcomes the proposal to establish a Business Innovation Centre with support from the European Community.

There is continuing uncertainty over future employment levels in Devonport Dockyard, and the Board welcomes the steps being taken by its new private sector management to offer its skills and facilities to outside companies, and hopes that more of the Yard's procurement will now be locally based. The decision that Plymouth

was to retain Assisted Area status was received with relief by the Board, given the importance of the City to prosperity in Devon and Cornwall. Expansions by two overseas owned companies and a major new inward investment have since been gained with the support of Regional Selective Assistance.

While unemployment in the Development Areas of Cornwall has fallen, it remains at an unacceptably high level of nearly 20 per cent. Uncertainty remains about the future of the tin industry and its dependant suppliers, and the Board welcomes the recent action of the Department to facilitate the management buy-out of Carnon Consolidated. The Business Improvement Services scheme in the Penzance and St Ives Travel-to-Work Areas has continued to make a positive contribution and its full benefits are yet to be realised. But the reinvigoration of the West Cornwall economy is greatly inhibited by the lack of sites and available factories, and the Board urges greater activity by English Estates in an area where private sector construction does not meet the needs.

Communications, particularly in the far South West, continue to be of concern to the Board. Although there is continuing progress in improving the road network, the consequent and seemingly continuous roadworks give rise to increased operating costs for industry and agriculture, and inhibit tourism, which remains a major industry. Rail services beyond Exeter are poor, and the Board has been disappointed by lack of success so far of the air link with London's Stolport.

During the year, offers of assistance totalling £6.4 million were made under Section 7 of the Industrial Development Act towards investment of £45.9 million expected to create or preserve 1,532 jobs; approval for grant was given to some 700 projects under the revised Regional Development Grant scheme with a total expected grant of £14.9 million. Under the Business Improvement Scheme, offers of £531,016 were made, bringing the commitment to £925,428 of the £1 million allocated to it.

The Board noted with regret the early death of Denis Pascoe, a former and valued member. During the year, Albert Bennett, who had given steadfast service for ten years, retired, and Peter Fitzgerald became a member.

K E HOLMES  
*Chairman*

### **West Midlands Industrial Development Board**

Business is in general more optimistic than a year ago, with a widespread increase in confidence in the region's industrial prospects. There is evidence of significant improvement in levels of productivity, and the increase in car production in the UK in the last year has had a marked impact in the region, as has the buoyancy of consumer spending more generally. Business surveys

have repeatedly indicated plans to increase staff but also reported difficulties in recruitment due to skill shortages. Interest rates, and the fluctuations in exchange rates, have also been matters of concern. A number of major companies in the region have continued the restructuring and rationalisation of their operations, and in general companies have reported significant improvements in profitability.

The region remains heavily dependent on manufacturing industry which at the latest count provided approximately 34 per cent of employment. This dependence is particularly true of the Region's Assisted Areas, including the new town of Telford, which has continued to attract major inward investment by foreign-owned companies, in some cases with assistance from the DTI under Section 7.

### *Unemployment*

Unemployment in the Region remains above the national average, though it has fallen faster in the West Midlands over the last year than nationally. In January 1988 the West Midlands region had an unemployment rate of 10.6 per cent compared with a rate of 9.6 per cent for Great Britain. Corresponding figures in January 1987 were 13.8 per cent and 11.8 per cent. Vacancies at Job Centres in the Region stood at 22,000 in January, compared with 16,100 a year earlier. Among the Travel-To-Work Areas in the West Midlands Assisted Area, the greatest improvements in unemployment rates have occurred in Telford and Bridgnorth (from 19.4 per cent to 14.5 per cent) and in Birmingham and Redditch (16 per cent to 12.8 per cent). Wolverhampton Travel-To-Work Area has the worst unemployment rate in the region, though here too there has been a sharp fall over the year (from 18.2 per cent to 14.9 per cent).

### *Government Assistance*

The general business optimism referred to above is reflected in the amount of interest which has continued in RSA during the year and in the consequential amount of investment forecast to be generated and jobs created/safeguarded as a result of offers made. During 1987-88 over 700 projects attracted support and the resultant grant on offers amounted to £46 million overall. £409 million investment is forecast to be generated as a consequence of this activity and the resultant employment benefits are expected to show an additional 14,000 jobs created within the region and 5,000 existing jobs safeguarded.

50 of the projects concerned major investments which were referred to my Board for advice, and, of these 7 were in respect of substantial additional planned investment in the West Midlands by overseas companies, reflecting the continued attraction of the Region to the foreign businessmen seeking entry into the UK and European market.

Although much of the investment in respect of which assistance has been offered is taking place in the sectors traditionally concentrated in the West Midlands, particularly the metal based industries, there is encouraging

evidence of increased investment in a range of other sectors, notably electronics, chemicals, printing and food and drink.

Over half of all projects supported in the year involved offers of grant of less than £25,000. This was in part due to the introduction in April 1987 of simplified application procedures for small companies, a reflection of the Government's objective to ease the burden of form filling imposed on small firms.

The Board expects a continued high level of interest in the regional investment incentives available and, as the regeneration of West Midlands industry becomes more evident, is optimistic about the prospects for increased long term investment in the region.

E SWAINSON CBE  
*Chairman*

## **North West Industrial Development Board**

### *General Outlook*

During the past year the Region has benefited from the general upturn in the UK economy, with renewed business optimism and increased levels of activity. Prospects for new investment in the Region are now probably at their best for some years. After the retrenchment in the early 80s an increasing number of companies are working at or close to full capacity and are now bringing forward expansion projects. This has been reflected in a 24 per cent increase in the number of projects which have been supported through Selective Financial Assistance during the year.

The key to the Region's recovery has been the ability of industry to respond to the challenges of the market place through better marketing, improved product design, increased productivity and tighter quality control. This has enabled North West companies to increase their exports, in particular to Western Europe, and regain market share at home. Recovery has been across all sectors including staple industries like textiles which have upgraded their performance. The Board has welcomed the increased number of projects which have come forward for modernising textiles and clothing plants to bring them up to international standards in productivity. The year has also seen a major improvement in the vehicle industry with improved quality and productivity in the car assembly plants in Merseyside, and an increase in demand and output for the HGV manufacturers. We hope that the acquisition of Leyland Vehicles by the Volvo Group will secure the future of the Farington and Workington operations of Leyland.

Defence and aerospace continue to be major contributors to the Region's economy although there is concern about prospects for the civil aircraft sales being affected by the decline in the dollar. Chemicals and pharmaceuticals continue to be strong performers.

## *Employment Trends*

A number of manufacturing sectors continue to shed labour. However, the past year has seen a dramatic fall in the numbers of notified redundancies down to 22,500 from 41,000 in 1986. This is the lowest level since the late 1970s. What has been particularly encouraging is that there are now relatively few announcements of major plant closures or redundancies.

The Board welcomes this, and also the downward trend in unemployment, which has been sustained throughout the year with an average reduction of 6,500 claimants per month during the second half of 1987. Some parts of the Region have experienced falls well ahead of the national average.

Unfortunately improvements have been slowest in those parts of the Region where unemployment has become most deep seated, such as the inner areas of Manchester, Salford and Wigan, and parts of Merseyside. Although unemployment and the number of industrial closures in the latter have both declined, the particular problem of the long term unemployed remains. However substantial investment decisions by a number of major employers have led to some improvement in business confidence.

## *Regional Assistance*

The Board has been encouraged by the continued high demand for Regional Selective Assistance. During the year offers were made towards 294 projects creating new jobs and 29 projects safeguarding employment. Assistance provided to all sectors amounted to £38.4 million in grants. These projects in total involve the creation of 5,784 jobs and the safeguarding of 4,476 existing jobs. Total investment in all offers amounts to £322.9 million compared with £319 million in 1986-87; they include 55 projects individually involving investment of over one million pounds compared with 51 in the year 1986-87.

Within the totals 53 offers were made in the Manchester/Salford City Action Team area with £2.35 million of assistance towards projects worth £22.2 million in total involving the creation of 816 new jobs and safeguarding a further 17 jobs. In the much larger Merseyside Taskforce area 13 offers were made with £1.5 million of assistance involving the creation of 159 new jobs and safeguarding a further 107. It is noteworthy that 90 per cent of all offers made in the Region were to companies employing less than 200 and 50 per cent were for grants of £25,000 or less. The new arrangements for simplified procedures introduced in these smaller grants have clearly generated greater take-up.

During the year approval for grant was given to 2160 projects under the revised Regional Development Grant Scheme with a total expected grant of £79.1 million.

## *Business Improvement Services Scheme*

Since the inception of the Scheme at the end of 1984, over 4,600 applications have been received, against which nearly 2,800 offers of grant have been made,

committing an aggregate sum of £18.1 million out of the total allocation of £20.6 million.

The funds are nearing exhaustion in all areas other than Greater Manchester, where every effort is being made to maximise the effective use of the funds by following up and re-using funds from unclaimed offers. Further, it is hoped in the near future to receive an extra allocation in respect of the Workington Steel Closure Area and arrangements have been agreed for use in the Lancashire Textile Closure Area of unused funds from the Greater Manchester Textile Closure Area.

It is not yet possible to quantify the benefits of the scheme but those administering the scheme believe that the package of assistance had generally been successful in enabling small firms within the areas to strengthen and expand their activities.

## *The Enterprise Initiative*

The Board welcomes the business consultancy elements of the new Enterprise Initiative which build on the experience of the Business and Technical Advisory Service in encouraging small to medium sized firms to use professional advice on a much greater scale to help them focus on finding ways of making their businesses more efficient and competitive at home and abroad. We note that the early response to the scheme in the North West has been most encouraging with over 500 formal applications in the first few months of operation.

The Board hopes to play an active part in ensuring that the benefits of the Enterprise Initiative are fully exploited in the Region. It endorses the proposals to make schools more aware of the needs of industry and commerce, a problem which the Board has drawn attention to in previous reports. This is linked to the wider need for improvements in training to allow the workforce to react more quickly to the changing needs of industry. Economic growth continues to be hampered by skill shortages, particularly in the engineering/electronic industries and the clothing sector.

## *Regional Promotion*

The Board has been impressed by the continued progress made by INWARD, the North West's Regional Development Organisation. During the year the Board has advised on a number of selective assistance cases from overseas companies with which INWARD has been involved. We welcome the announcement of increased departmental funding in 1988-89 which will allow INWARD to maintain progress. There are now signs that the Region is competing more effectively for new overseas investment but further support from local authorities and the business community will be necessary if INWARD is to realise its full potential in representing the Region effectively and in attracting new investment.

## *Technology*

The Board welcomes the decisions, as a result of national competitions, to establish the Advanced Robotics

Research Centre at the University of Salford and the Centre for Exploitation of Science and Technology on the Manchester Science Park. It sees these developments as indicative of the way in which the Region's Higher Education/Industry networks can be exploited to further strengthen the economy. The Board also welcomes the creation of a Regional Technology Centre (RTC), particularly as this will be managed by NIMTECH-NW, a private sector led technology transfer organisation.

### *Infrastructure*

The Board has commented upon this in past reports, and many of the same issues remain. With the construction of the Channel Tunnel, and the establishment of the Single European Market by 1992, it is important that the Region plans effectively to get the right infrastructure in place so as to take full advantage of the opportunities which are emerging. We welcome the approval for the completion of the Manchester Outer Ring Motorway, but feel obliged to draw attention to the deteriorating state of much of the existing motorway network within the Region. We are particularly aware of the opportunity which the Single Market and the Channel Tunnel presents to Liverpool, to become the major European port of entry/exit for trade between Europe and North America. It is vitally important that there is adequate investment in the rail network in the North West and between the Region and the South East in order to reach European markets as rapidly and efficiently as possible. Airline operations also need strengthening: Liverpool Airport should be developed as a satellite to Manchester International Airport which needs an increasing range of international scheduled operations, particularly across the Atlantic, if it is to fulfil its role as the only UK international gateway airport outside the South East.

### *Inner Cities*

City Action Teams (CATs) operate in both Manchester/Salford and Liverpool. The Manchester/Salford CAT has continued to actively promote RSA to small firms in the inner city and applications have continued to increase indicating both greater awareness and enhanced economic activity. In Liverpool, during 1987-88, RDG was more appropriate for small firms who have made extensive use of it.

During 1987-88 CATs were, for the first time, allocated independent budgets to set up Special Funds which could be used for local initiatives which mainstream programmes could not address.

Objectives pursued with the assistance of these Special Funds included the creation of employment and training opportunities, the strengthening of inner city small firms, managed workshops, tourism initiatives and assistance to ethnic minorities.

In Manchester examples of how the Special Fund was used are:- a £200,000 Revolving Loan Fund for micro businesses which was established in conjunction with the Co-operative bank; a study to investigate the scope

for establishing more managed workshops in conjunction with English Estates; and a scheme to help small firms improve the security of their premises.

In Liverpool the CAT's portfolio of assistance included three major projects viz a new managed workspace scheme in Croxteth, a Black Business Resource Centre in Toxteth, and the first major stage of a training and enterprise initiative in Speke.

Regionally, a number of outstanding urban development projects are now coming to fruition, notably the Salford Quays project to transform disused docks into a major new multi-use urban centre and the Albert Dock project in Liverpool, which is one of the most imaginative re-developments of historic buildings in the country.

Members hope that the funds which are being made available to the North West's three Urban Development Corporations (Merseyside, Trafford Park and Central Manchester) will allow this momentum to be increased.

### *Membership*

During the year four members — Donald Parr, Richard de Zouche, John Whelan and Ewart Boddington — retired from the Board, and we wish to express our gratitude for the contributions they have made over the years. Three new members — Alan Manning, David Weir and Alan Tucker — have recently been welcomed on the board.

G N HAGUE, OBE, FCIS  
*Chairman*

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## APPENDIX 1

# Sections 11 and 15 of the Industrial Development Act 1982

### Section 11

1. The Secretary of State may make provision for the giving of advice (whether free of charge or otherwise) to persons carrying on or proposing to carry on a business.

2. Not later than six months after the end of any financial year in which this power is used the Secretary of State shall prepare and lay before Parliament a report on the exercise during the year of his powers under this section.

3. In the application of this section to a financial year beginning before the commencement of this Act, the reference in sub-section (2) above to the Secretary of State's powers under this section shall include a reference to his powers under Section 18 of the Industry Act 1980.

### Section 15

1. For each financial year the Secretary of State shall prepare a report on the discharge of his functions.

- (a) under Parts I and III and Sections 13 and 14 of this Act,
- (b) under Section 67(1) of the Town and Country Planning Act 1971 and Section 65(1) of the Town and Country Planning (Scotland) Act 1972 (Industrial Development Certificates),
- (c) under Part III of the Industry Act 1972 (including any functions in respect of guarantees given by him

under Section 7 of the Shipbuilding Industry Act 1967), and

- (d) under the English Industrial Estates Corporation Act 1981,

and shall lay the report before Parliament not later than six months after the end of the financial year to which it relates.

2. The Secretary of State may discharge his duty under this Section in any year by making a report on his functions under Part I, Part II, Part III of Sections 13 and 14 of this Act or under the other enactments mentioned in sub-section (1) above and one or more separate reports on the remaining functions.

3. A report under this Section relating to Part III of this Act or Part III of the Industry Act 1972 shall contain a statement showing the total amount of the liabilities of the Secretary of State (exclusive of any liability in respect of interest on a principal sum) under guarantees given by him under Part III of this Act or Part II of that Act or, as the case may be, under Part III of that Act (and in the latter case shall include liabilities under guarantees given under Section 7 of the Shipbuilding Industry Act 1967).

4. In the application of this Section in relation to a financial year beginning before the commencement of this Act any reference in sub-section (1) above to a provision of this Act shall include a reference to the enactment re-enacted in that provision.

## APPENDIX 2

## Assistance under Parts I, II and III of the Industrial Development Act 1982 and Parts 1(2) and II of the Industry Act 1972

TABLE 1 ANALYSIS OF OFFERS BY REGION TO 31 MARCH 1988 (a)

£ million

Region	Regional Development Grants (b)	Section 8						
		Section 7		General Investment Measures		Other Measures	Totals	
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)		Grants	Loans/Equity (c)
Scotland	nil	501.0	44.5	26.3	nil	41.8	569.1	44.5
Wales	nil	370.3	24.5	23.8	nil	10.4	404.5	24.5
North East	nil	289.7	20.2	7.7	0.5	22.4	319.8	20.7
Yorkshire/Humberside	nil	151.3	9.9	22.6	nil	86.7	260.6	9.9
East Midlands	nil	44.1	1.1	17.1	nil	67.8	129.0	1.1
South East	nil	nil	nil	63.2	0.4	176.9	240.1	0.4
South West	nil	45.3	3.6	9.7	nil	51.9	106.9	3.6
West Midlands	nil	104.2	0.1	43.1	0.3	91.7	239.0	0.4
North West	nil	353.1	28.2	34.2	nil	102.8	490.1	28.2
Northern Ireland	nil	nil	nil	nil	nil	6.4	6.4	nil
Mixed	nil	nil	nil	0.6	4.9	0.8	1.4	4.9
<b>Total</b>	<b>nil</b>	<b>1,859.0</b>	<b>132.1</b>	<b>248.3</b>	<b>6.1</b>	<b>659.6</b>	<b>2,766.9</b>	<b>138.2</b>
Of which, in year ended 31.3.88	nil	242.6	nil	2.7	nil	11.9	257.2	nil

(a) This table summarises assistance described in Appendices 6 and 12 (excluding the Energy Conservation Scheme, Steel Castings Rationalisation Scheme and Certification Schemes).

(b) Figures for offers are not appropriate.

(c) These figures do not take account of repayments and interest.

TABLE 2 ANALYSIS OF PAYMENTS BY REGION TO 31 MARCH 1988 (a)

£ million

Region	Regional Development Grants (b)	Section 8						
		Section 7		General Investment Measures		Other Measures	Totals	
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)		Grants	Loans/Equity (c)
Scotland	1,736.8	289.5	42.0	20.2	nil	33.6	2,080.1	42.0
Wales	1,089.1	211.7	21.5	22.8	nil	7.6	1,331.2	21.5
North East	1,557.1	167.9	18.0	6.8	0.5	16.7	1,748.5	18.5
Yorkshire/Humberside	372.3	99.8	9.2	17.8	nil	67.2	557.1	9.2
East Midlands	64.5	33.2	1.1	16.3	nil	50.7	164.7	1.1
South East	nil	nil	nil	55.3	0.4	121.0	176.3	0.4
South West	113.5	28.8	3.5	8.5	nil	39.9	190.7	3.5
West Midlands	2.7	33.2	0.1	36.9	0.2	59.9	132.7	0.3
North West	1,055.0	237.1	26.8	31.6	nil	78.6	1,402.3	26.8
Northern Ireland	nil	nil	nil	nil	nil	5.5	5.5	nil
Mixed	nil	nil	nil	0.6	4.9	0.2	0.8	4.9
<b>Total</b>	<b>5,991.0</b>	<b>1,101.2</b>	<b>122.2</b>	<b>216.8</b>	<b>6.0</b>	<b>480.9</b>	<b>7,789.9</b>	<b>128.2</b>
Of which, in year ended 31.3.88	270.6	148.7	nil	3.8	nil	17.9	441.0	nil

(a) This table summarises assistance described in Appendices 4, 6 and 12 (excluding the Energy Conservation Scheme, the Steel Castings Rationalisation Scheme and Certification Schemes).

(b) For old Regional Development Grants, the figures for the North East Region include Cumbria. Unless otherwise stated, Cumbria is usually included in the North West Region.

(c) These figures do not take account of repayments and interest.

APPENDIX 3

Unemployment Statistics (a)

THE UNEMPLOYED IN 1987 (TWELVE MONTHLY AVERAGE FOR THE CALENDAR YEAR)

<i>Region</i>	<i>Number (000)</i>	<i>Per cent</i>
Scotland	345.8	15.4
Development Area	202.0	18.2
Intermediate Area	55.4	17.0
Wales	157.0	15.2
Development Area	62.2	17.2
Intermediate Area	80.8	14.5
North East (b)	213.1	16.2
Development Area	169.8	18.1
Intermediate Area	23.4	13.9
Yorkshire and Humberside	286.0	13.6
Development Area	31.2	18.6
Intermediate Area	145.5	15.3
East Midlands	183.9	10.7
Development Area	3.5	13.8
Intermediate Area	1.9	15.6
East Anglia	72.5	8.6
South East (c)	680.5	8.4
South West	178.9	10.1
Development Area	12.7	20.1
Intermediate Area	24.6	13.4
West Midlands	305.9	13.0
Intermediate Area	243.3	14.4
North West	403.3	14.9
Development Area	173.7	18.9
Intermediate Area	120.5	13.2
All Development Areas	655.1	18.3
All Intermediate Areas	695.5	14.5
All Other Areas	1,476.1	9.3
Great Britain	2,826.9	11.7

Notes:

(a) Data are based on numbers of claimants of unemployment benefit and on Assisted Area boundaries at 29 November 1984. Percentage rates are based on mid-1986 estimates of employees in employment plus the unemployed. Data for Travel-to-Work Areas (TTWAs) are aggregated to the closest approximation of Standard Planning Regions.

(b) The North East region includes Cumbria for this purpose.

(c) In this table the figures for the South East Region do not include East Anglia.

(d) Small discrepancies in totals are due to rounding.

## APPENDIX 4

# Regional Development Grants

Regional Development Grants (RDGs) are payable under Part II of the Act. On 29 November 1984 there came into force a revised RDG scheme by virtue of the substitution of a new Part II of the Act for the old one. However, the original scheme continued in force under the transitional arrangements in the Co-operative Development Agency and Industrial Development Act (Commencement) Order 1984. The termination of the revised scheme was announced on 12 January 1988.

### Original Regional Development Grants

RDGs under the original scheme are made towards approved capital expenditure incurred in providing new buildings and works and on adaptations to existing buildings, and in providing new plant and machinery, on qualifying premises. Qualifying premises are premises used wholly or mainly for qualifying activities. Qualifying activities are the activities described in Orders II to XIX of the 1968 edition of the Standard Industrial Classification, together with certain repair activities, the processing of scrap and waste materials, and scientific research relating to, and the training of staff for work in, any other qualifying activities.

Expenditure on site clearance and other preparation may be included, but the cost of land is not eligible for grant. Vehicles, other than mobile machinery and works vehicles, are not eligible. Grants are not made on pipelines, nor in respect of individual items of plant and machinery costing less than £1,000 except where they are provided on premises where fewer than 100 people are employed, in which case the minimum value is £500. Grants are not made on individual building schemes costing less than £5,000.

The rates of grant are 22 per cent in the Special Development Areas and 15 per cent in the Development Areas as designated in the Assisted Areas map current on 28 November 1984. Applications have to be received by the relevant Government Department not later than two years after the end of the quarter during which the asset was provided.

Under the transitional provisions in the Commencement Order grant may be paid after 28 November 1984 only in respect of:

- (a) expenditure defrayed before 29 November 1984;
- (b) assets provided before 29 November 1985; or
- (c) assets provided as part of a project where there was an application for selective assistance before 1 February 1984, and an offer of such assistance before 29 November 1984.

In this context selective assistance means assistance under Sections 7 or 8 of the Industrial Development Act 1982, Sections 7 or 8 of the Industry Act 1972, or Section 5 of the Highlands and Islands Development (Scotland) Act 1965, or assistance from the Department of Trade and Industry or its predecessor Departments under Section 5 of the Science and Technology Act 1965.

The moratorium of four months on payments of approved applications continued in force during 1987-88.

### Revised Regional Development Grants

Under the revised scheme grant is payable towards approved projects of investment in the productive capacity or the productive processes of an undertaking in the Development Areas. The Development Areas for this purpose are those

designated in the Assisted Areas Order 1984. Except that the Order has been amended by the inclusion of the Wards of Sillioth and Waver in the Workington Development Area from 21 March 1988, that Order did not designate any Special Development Areas.

In order to be eligible for approval a project must create new, or expand existing, productive capacity or effect a material change in the product or service in question, or in the process of producing it. It must also relate wholly or mainly to qualifying activities, and provide assets and/or jobs in Development Areas.

The Qualifying Activities Order 1984 specified the same qualifying activities as under the original scheme but on the basis of the 1980 rather than the 1968 Standard Industrial Classification, and in addition specified various new qualifying activities, mainly in the service sector, including certain computer, mail order and credit card services.

Grant towards approved projects is calculated as the higher of 15 per cent of approved capital expenditure (broadly as under the original Scheme) or £3,000 for each net job created in the activities to which the project relates. The approved number of jobs created by a project is expressed in terms of full-term equivalents. It is the number of jobs created by the project in the Development Areas in the undertaking concerned, minus any jobs lost as a direct result of the project in that undertaking in the Development Areas or in Northern Ireland, minus also any *net* job losses which so arise in the Intermediate Areas. In the case of projects of undertaking employing more than 200 people, grant calculated on the basis of capital expenditure is limited to £10,000 for each net new job created. In the case of undertakings which employ 200 or fewer people, the maximum grant calculated on the basis of capital expenditure is £75,000 (15 per cent of £500,000) or £10,000 multiplied by the number of net jobs created, whichever is the higher. Employees of associated undertakings are taken into account in this context. The amount of job grant payable towards manufacturing projects and certain service projects undertaken by manufacturers cannot exceed 40 per cent of the initial investment.

Claims in respect of approved projects have to be submitted not later than 12 months after the actual date of the projects completion or if earlier, the latest date for project completion as in the Project Approval Letter. The two month waiting period for payment of approved claims continued during 1987-88. It does not apply where the claimant had applied on or before 14 January 1987 for project approval or where the project was complete. This measure was introduced because of the greater than expected bulge in demand during the overlap between the original and revised schemes.

Under the termination arrangements announced on 12 January 1988 the scheme is closed to new applications received after 31 March 1988. A project is not affected by the termination arrangements if *either* an application for approval was received on or before 12 January 1988 *or* it was started on or before that date and an application was received not later than 31 March 1988. Any project started after 12 January 1988, for which an application was received after that date and not later than 31 March 1988 was, however, subject to Transitional Arrangements which restrict the availability of grant. The amount of grant payable according to the project approval letter may not be increased if the project is modified and grant is not payable on assets and jobs provided (or if

not provided, paid for) more than two years after the date of that letter or on claims received more than three years after the date of the letter.

### General

Some sectors are the subject of restrictions imposed by the

European Commission affecting the granting of regional aid.

Grant under both the original and revised schemes is tax free and is not treated as reducing capital expenditure which qualifies for tax allowance.

TABLE 1 ORIGINAL REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY GROUPS OF QUALIFYING ACTIVITIES

£'000

Standard Industrial Classification Orders (SIC 1968)	1987-88			1972-73 to 1987-88		
	Plant and (a) machinery	Buildings (a) and works	Total	Plant and (a) machinery	Buildings (a) and works	Total
	Grant paid			Grant paid		
II Mining and quarrying	805	165	970	107,316	9,531	116,847
III Food, drink and tobacco	12,048	2,468	14,516	420,432	166,357	586,789
IV Coal and petroleum products	4,460	913	5,373	440,856	85,426	526,282
V Chemicals and allied industries	21,723	4,454	26,177	1,104,086	227,094	1,331,180
VI Metal manufacture	6,143	1,258	7,401	579,806	170,875	750,681
VII Mechanical Engineering	7,779	1,593	9,372	237,030	100,540	337,570
VIII Instrument Engineering	696	142	838	39,396	10,901	50,297
IX Electrical Engineering	20,214	4,140	24,354	280,789	80,641	361,430
X Shipbuilding and marine engineering	611	125	736	50,178	33,808	83,986
XI Vehicles	6,728	1,378	8,106	212,576	58,841	271,417
XII Metal goods not elsewhere specified	952	195	1,147	96,420	42,945	139,365
XIII Textiles	1,041	213	1,254	95,559	43,030	138,589
XIV Leather, leather goods and fur	128	26	154	5,759	2,907	8,666
XV Clothing and footwear	691	141	832	37,012	15,374	52,386
XVI Bricks, pottery, glass, cement, etc	2,342	480	2,822	174,519	52,217	226,736
XVII Timber, furniture, etc	1,766	362	2,128	64,851	36,503	101,354
XVIII Paper, printing and publishing	6,504	1,332	7,836	223,134	71,201	294,335
XIX Other manufacturing industries	3,046	624	3,670	104,235	34,427	138,662
XX Construction	nil	nil	nil	103,595	7,388	110,983
Other	863	177	1,040	39,344	16,957	56,301
Total	98,540	29,186	118,726	4,416,893	1,266,963	5,683,856

(a) Since 1982-83, the split between plant and machinery and buildings and works has been estimated from a sample number of applications.

Note: The activities described in Orders II and XX of the Standard Industrial Classification ceased to be qualifying activities as from 31 October 1976.

TABLE 2 ORIGINAL REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY AREA IN 1987-88

£'000

Area	Plant and machinery (a)			Buildings and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total plant and machinery	SDA	DA	IA	DLCA		
Scotland	21,671	7,200	28,871	4,439	1,475	nil	nil	5,914	34,785
Wales	10,753	8,166	18,919	2,202	1,672	nil	nil	3,874	22,793
Northern	18,940	5,124	24,064	3,879	1,049	nil	nil	4,928	28,992
Yorkshire and Humberside	nil	5,334	5,334	nil	1,092	4	nil	1,096	6,430
East Midlands	nil	616	616	nil	126	nil	nil	126	742
South West	306	1,701	2,007	63	349	nil	nil	412	2,419
West Midlands	nil	nil	nil	nil	nil	nil	nil	nil	nil
North West	13,855	4,874	18,729	2,838	998	nil	nil	3,836	22,565
Total	65,525	33,015	98,540	13,421	6,761	4	nil	20,186	118,726

(a) The split between plant and machinery and buildings and works has been estimated from a sample number of applications.

TABLE 3 ORIGINAL REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY AREA IN 1972-73 TO 1987-88

£'000

Area	Plant and machinery (a)			Building and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total plant and machinery	SDA	DA	IA	DLCA		
Scotland	713,757	598,824	1,312,581	178,031	140,836	12,618	nil	331,485	1,644,066
Wales	362,513	489,007	851,520	70,152	94,152	17,817	nil	182,121	1,033,641
Northern	563,413	681,442	1,244,855	126,792	124,836	46	nil	251,674	1,496,529
Yorkshire and Humberside	nil	171,038	171,038	nil	38,924	136,599	nil	175,523	346,561
East Midlands	nil	25,746	25,746	nil	4,727	17,313	3,979	26,019	51,765
South West	9,351	70,475	79,826	2,511	17,308	4,947	nil	24,766	104,592
West Midlands	nil	nil	nil	nil	nil	680	2,013	2,693	2,693
North West	630,005	101,322	731,327	132,035	17,226	123,421	nil	272,682	1,004,009
Total	2,279,039	2,137,854	4,416,893	509,521	438,009	313,441	5,992	1,266,963	5,683,856

(a) Since 1982-83, the split between plant and machinery and buildings and works has been estimated from a sample number of applications.  
 Note: The cumulative figures shown in Table 3 may not agree in certain cases with the sum of figures shown for individual years (Table 2). This is because when Table 3 was introduced for the first time in the Annual Report for the year ended 31 March 1977 it took account of information which was not available when the annual tables in Reports for earlier years were prepared.

TABLE 4 REVISED REGIONAL DEVELOPMENT GRANTS: VALUE OF GRANTS IN RELATION TO APPROVED PROJECTS AND PAYMENTS MADE, BY TYPE OF INDUSTRY

£'000

Standard Industrial Classification Division (SIC 1980)	1986-87		1984-85 (a) to 1987-88	
	Grant in relation to approved projects	Payments	Grant in relation to approved projects	Payments
1. Energy and water supply industries	956	23	1,416	163
2. Extraction of minerals and ores other than fuels; manufacture of metals, mineral product	34,032	12,505	78,077	24,875
3. Metal goods, engineering and vehicle industries	152,790	50,319	293,801	99,411
4. Other manufacturing industries	168,834	68,497	349,112	134,708
7. Transport and communications	3,831	2,637	11,170	5,745
8. Banking, finance, insurance, business services and leasing	20,979	10,340	51,135	25,243
9. (i) Industrial research and development in specialised research establishments only	327	73	1,651	197
(ii) Football pools only	21	9	84	18
Other	18,041	7,475	41,198	16,833
Total	399,811	151,878	827,644	307,193

(a) From 29 November 1984.

TABLE 5 REVISED REGIONAL DEVELOPMENT GRANTS: VALUE OF GRANTS IN RELATION TO APPROVED PROJECTS AND PAYMENTS MADE BY AREA

£'000

Area	1987-88		1984-85 (a) to 1987-88	
	Grant in relation to approved projects	Payments	Grant in relation to approved projects	Payments
Scotland	99,285	43,180	225,306	92,747
Wales	72,720	30,560	159,727	55,505
North East	71,521	30,265	153,775	60,529
North West	79,089	25,491	136,909	51,034
Yorkshire and Humberside	37,943	11,405	68,268	25,747
East Midlands	24,342	6,385	58,898	12,692
South West	14,911	4,592	24,761	8,939
Total	399,811	151,878	827,644	307,193

(a) From 29 November 1984.

## APPENDIX 5

# Selective Financial Assistance under Section 7 of the Industrial Development Act 1982

### General Guidelines for Regional Selective Assistance

The purpose of providing assistance under Section 7 is to encourage sound projects which will improve employment opportunities in the Assisted Areas. Under the provisions of the Government's White Paper *Regional Industrial Development* of December 1983, changes in Regional Policy were announced on 28 November 1984 which came into effect immediately. The Office and Service Industries Scheme was discontinued and service industry became eligible for assistance under mainstream Section 7. Also, those relocation projects where there is no net increase in jobs are now normally excluded from Regional Selective Assistance.

Projects qualifying for assistance fall into two broad categories:

- (A) new projects and expansions which create employment
- (B) projects, eg for modernisation or rationalisation, which do not provide extra jobs but maintain or safeguard existing employment.

Exceptional cases which fall into neither category are decided in the light of circumstances.

Applications for selective assistance are considered against five main criteria viz:

#### (a) *viability*

An assessment is made of the viability of the project and of the undertaking seeking assistance;

#### (b) *Proof of need*

The applicant must demonstrate that the assistance is needed for the project to go ahead on the basis proposed.

#### (c) *Efficiency*

Assistance is provided only for projects which are likely to strengthen the regional and national economy and thereby provide more productive and secure jobs eg by improving efficiency and/or by the introduction of new technology or products. Job displacement elsewhere is also taken into consideration.

#### (d) *Employment Link*

Assistance is only provided where there is a benefit to employment. Projects should lead to a creation of additional employment (Category A) or the safeguarding of existing employment through modernisation or rationalisation (Category B) in the Assisted Areas.

#### (e) *Public Sector Contribution*

The greater part of the cost of projects should be met by the applicant or from other sources outside the public sector.

### Eligible Industries

Broadly, all projects in the manufacturing and service industries are eligible, but projects serving primarily local markets are not normally assisted.

Projects are not normally assisted under Section 7 if adequate provision for Government assistance is made under specified schemes, eg Ministry of Agriculture, Fisheries and Food schemes for agricultural, horticultural and fishery projects and the provision for tourist projects under the Development of Tourism Act 1969, or if assistance is being sought under alternative schemes. Some sectors are the subject of restrictions imposed by the European Commission affecting the granting of regional aid.

### Forms of Assistance

**The normal form of assistance is a project grant related to the fixed and working capital costs of the project and the number of jobs involved. The grants are discretionary and are usually paid in annual instalments related to expenditure on the project and achievement of its forecast objectives. Grants may be repayable if objectives (such as the provision of jobs) are not maintained for a period after project completion.**

**Other forms of assistance which may be offered are:**

(a) a grant under the In-plant Training Scheme (see below) and

(b) Exchange Risk Cover on medium-term foreign currency loans from the European Coal and Steel Community (see Appendix 8).

Assistance may take just one of these forms or may be negotiated as a package involving a combination of project grant and/or training grant and/or exchange risk cover tailored to the needs of the individual project. In each case, however, the total amount of assistance is negotiated as the minimum necessary to enable the project to go ahead. There are powers under Section 7 to provide assistance by any description of investment lending or guarantee but other forms of assistance, including loans, are provided only in exceptional circumstances. Assistance is made available subject to any restrictions or limitations imposed by the European Community.

**Procedures and Delegation** On 1 July 1975 Ministerial responsibility for Regional Selective Assistance in Scotland and Wales now provided under Section 7 of the Industrial Development Act 1982 was transferred to the Secretaries of State for Scotland and Wales respectively.

Responsibility for cases in England and for certain projects for the whole of Great Britain remains with the Secretary of State for Trade and Industry.

### **Training Grants**

Training Grants are available to projects in manufacturing and service industries in the Assisted Areas. The support measure forms part of the regional aid package and in order to qualify for assistance, projects must therefore satisfy the Section 7 criteria. In addition, training assistance is only provided where training is an essential part of the project. Normal replacement training and on-going training pro-

grammes are not eligible for assistance. Similarly, the training of apprentices is not relevant. To be eligible, each trainee must be under 25 years of age and receive a minimum 200 hours of actual training in the use of new technology. Assistance takes the form of a grant up to a maximum of 40 per cent of eligible training costs. This attracts a matching grant from the European Social Fund.



## APPENDIX 6

## Statistics relating to Section 7 of the Industrial Development Act 1982

1. These tables give details of Regional Selective Assistance described in paragraphs 10 and 11 of the Report.

3. Cumulative data is from 1 April 1972

2. Projects may also be eligible for Regional Development Grants.

TABLE 1 GREAT BRITAIN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	Offers accepted 1.4.87 to 31.3.88					Cumulative offers accepted to 31 March 1988					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)		Estimated Employment New Safeguarded
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	204	59,377		54,387		
Old Criteria Grants	nil	nil	nil	nil	nil	1,818	276,324	6,795,536	238,956	239,569	133,187
OSIS Grants	nil	nil	nil	nil	nil	473	35,240		21,106		
Project Grants	nil	nil	nil	nil	nil	1,408	347,518		219,214		
Training Grants	nil	nil	nil	nil	nil	81	37,892		23,907		
<b>Total Grants</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>3,780</b>	<b>696,974</b>	<b>6,795,536</b>	<b>503,183</b>	<b>239,569</b>	<b>133,187</b>
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	130	35,823		34,970		
Old Criteria Grants	nil	nil	nil	nil	nil	1,244	84,910	7,065,063	71,565	184,103	94,008
OSIS Grants	nil	nil	nil	nil	nil	328	26,541		17,689		
Project Grants	471	130,373	1,138,617	18,515	12,474	2,222	516,003		220,786		
Training Grants	nil	nil	nil	nil	nil	64	16,081		12,072		
<b>Total Grants</b>	<b>471</b>	<b>130,373</b>	<b>1,138,617</b>	<b>18,515</b>	<b>12,474</b>	<b>3,858</b>	<b>643,535</b>	<b>7,065,063</b>	<b>322,112</b>	<b>184,103</b>	<b>94,008</b>
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	150	36,832		32,569		
Old Criteria Grants	nil	nil	nil	nil	nil	2,381	117,829	5,437,473	99,559	242,153	131,440
OSIS Grants	nil	nil	nil	nil	nil	445	18,171		14,172		
Project Grants	1,287	112,216	970,131	28,295	11,553	3,698	369,887		154,528		
Training Grants	nil	nil	nil	nil	nil	30	12,573		7,577		
<b>Total Grants</b>	<b>1,287</b>	<b>112,216</b>	<b>970,131</b>	<b>28,295</b>	<b>11,553</b>	<b>6,554</b>	<b>518,460</b>	<b>5,437,473</b>	<b>275,836</b>	<b>242,153</b>	<b>131,440</b>
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	484	132,032		121,926 (a) 84,397		
Old Criteria Grants	nil	nil	nil	nil	nil	5,443	479,063	19,298,072	410,080	665,825	358,635
OSIS Grants	nil	nil	nil	nil	nil	1,246	79,952		52,967		
Project Grants	1,758	242,589	2,108,748	46,810	24,027	7,328	1,233,408		594,528		
Training Grants	nil	nil	nil	nil	nil	175	66,546		43,556		
<b>Total Grants</b>	<b>1,758</b>	<b>242,589</b>	<b>2,108,748</b>	<b>46,810</b>	<b>24,027</b>	<b>14,192</b>	<b>1,858,969</b>	<b>19,298,072</b>	<b>1,101,131</b>	<b>665,825</b>	<b>358,635</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS=Office and Service Industries Scheme.

(a) Repayment of loans.

TABLE 2 SCOTLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	76	22,482		20,668		
Old Criteria Grants	nil	nil	nil	nil	nil	594	77,812	2,478,889	62,292	93,285	35,058
OSIS Grants	nil	nil	nil	nil	nil	111	10,488		5,103		
Project Grants	nil	nil	nil	nil	nil	503	126,253		88,798		
Training Grants	nil	nil	nil	nil	nil	33	29,729		18,173		
<b>Total Grants</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>1,241</b>	<b>244,282</b>	<b>2,478,889</b>	<b>174,366</b>	<b>93,285</b>	<b>35,058</b>
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	45	20,950		20,615		
Old Criteria Grants	nil	nil	nil	nil	nil	470	41,115	2,576,492	32,583	55,620	36,345
OSIS Grants	nil	nil	nil	nil	nil	21	1,808		1,473		
Project Grants	125	38,863	430,684	5,254	4,027	459	139,351		46,544		
Training Grants	nil	nil	nil	nil	nil	16	7,128		4,957		
<b>Total Grants</b>	<b>125</b>	<b>38,863</b>	<b>430,684</b>	<b>5,254</b>	<b>4,027</b>	<b>966</b>	<b>189,402</b>	<b>2,576,492</b>	<b>85,557</b>	<b>55,620</b>	<b>36,345</b>
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	4	1,090		590		
Old Criteria Grants	nil	nil	nil	nil	nil	50	10,188	623,473	7,456	14,408	13,989
OSIS Grants	nil	nil	nil	nil	nil	26	2,494		1,394		
Project Grants	67	18,750	123,864	3,290	1,519	265	53,557		19,996		
Training Grants	nil	nil	nil	nil	nil	3	1,150		716		
<b>Total Grants</b>	<b>67</b>	<b>18,750</b>	<b>123,864</b>	<b>3,290</b>	<b>1,519</b>	<b>344</b>	<b>67,389</b>	<b>623,473</b>	<b>29,562</b>	<b>14,408</b>	<b>13,989</b>
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	125	44,522		41,873 (a) 19,384		
Old Criteria Grants	nil	nil	nil	nil	nil	1,114	129,115	5,678,854	102,331	163,313	85,392
OSIS Grants	nil	nil	nil	nil	nil	158	14,790		7,970		
Project Grants	192	57,613	554,548	8,544	5,546	1,227	319,161		155,338		
Training Grants	nil	nil	nil	nil	nil	52	38,007		23,846		
<b>Total Grants</b>	<b>192</b>	<b>57,613</b>	<b>554,548</b>	<b>8,544</b>	<b>5,546</b>	<b>2,551</b>	<b>501,073</b>	<b>5,678,854</b>	<b>289,485</b>	<b>163,313</b>	<b>85,392</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS=Office and Service Industries Scheme.

(a) Repayment of loans.

TABLE 3 WALES: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	46	7,410		7,210		
Old Criteria Grants	nil	nil	nil	nil	nil	290	66,160	1,415,592	59,014	43,643	10,091
OSIS Grants	nil	nil	nil	nil	nil	51	3,452		1,777		
Project Grants	nil	nil	nil	nil	nil	280	66,371		36,519		
Training Grants	nil	nil	nil	nil	nil	8	2,223		2,001		
<b>Total Grants</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>629</b>	<b>138,206</b>	<b>1,415,592</b>	<b>99,311</b>	<b>43,643</b>	<b>10,091</b>
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	47	7,566		7,419		
Old Criteria Grants	nil	nil	nil	nil	nil	273	15,199	1,472,259	13,601	47,953	25,109
OSIS Grants	nil	nil	nil	nil	nil	128	9,831		5,765		
Project Grants	42	19,964	180,783	3,681	1,012	527	132,933		63,398		
Training Grants	nil	nil	nil	nil	nil	9	3,504		3,244		
<b>Total Grants</b>	<b>42</b>	<b>19,964</b>	<b>180,783</b>	<b>3,681</b>	<b>1,012</b>	<b>937</b>	<b>161,467</b>	<b>1,472,259</b>	<b>86,008</b>	<b>47,953</b>	<b>25,109</b>
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	27	9,521		6,856		
Old Criteria Grants	nil	nil	nil	nil	nil	143	9,057	765,341	8,478	23,327	12,547
OSIS Grants	nil	nil	nil	nil	nil	53	1,577		1,120		
Project Grants	95	16,931	150,821	3,871	2,288	338	59,499		16,468		
Training Grants	nil	nil	nil	nil	nil	2	473		308		
<b>Total Grants</b>	<b>95</b>	<b>16,931</b>	<b>150,821</b>	<b>3,871</b>	<b>2,288</b>	<b>536</b>	<b>70,606</b>	<b>765,341</b>	<b>26,374</b>	<b>23,327</b>	<b>12,547</b>
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	120	24,497		21,485 (a) 19,609		
Old Criteria Grants	nil	nil	nil	nil	nil	706	90,416	3,653,192	81,093	114,923	47,747
OSIS Grants	nil	nil	nil	nil	nil	232	14,860		8,662		
Project Grants	137	36,895	331,604	7,552	3,300	1,145	258,803		116,385		
Training Grants	nil	nil	nil	nil	nil	19	6,200		5,553		
<b>Total Grants</b>	<b>137</b>	<b>36,895</b>	<b>331,604</b>	<b>7,552</b>	<b>3,300</b>	<b>2,102</b>	<b>370,279</b>	<b>3,653,192</b>	<b>211,693</b>	<b>114,923</b>	<b>47,747</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.

(a) Repayment of loans.

TABLE 4 ENGLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Projects Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	82	29,485		26,509		
Old Criteria Grants	nil	nil	nil	nil	nil	934	132,352	2,901,055	117,650	102,641	88,038
OSIS Grants	nil	nil	nil	nil	nil	311	21,300		14,226		
Project Grants	nil	nil	nil	nil	nil	625	154,894	93,897			
Training Grants	nil	nil	nil	nil	nil	40	5,940		3,733		
<b>Total Grants</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>1,910</b>	<b>314,486</b>	<b>2,901,055</b>	<b>229,506</b>	<b>102,641</b>	<b>88,038</b>
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	38	7,307		6,936		
Old Criteria Grants	nil	nil	nil	nil	nil	501	28,596	3,016,312	25,381	80,530	32,554
OSIS Grants	nil	nil	nil	nil	nil	179	14,902		10,451		
Project Grants	304	71,546	527,150	9,580	7,435	1,236	243,719		110,844		
Training Grants	nil	nil	nil	nil	nil	39	5,449		3,871		
<b>Total Grants</b>	<b>304</b>	<b>71,546</b>	<b>527,150</b>	<b>9,580</b>	<b>7,435</b>	<b>1,955</b>	<b>292,666</b>	<b>3,016,312</b>	<b>150,547</b>	<b>80,530</b>	<b>32,554</b>
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	119	26,221		25,123		
Old Criteria Grants	nil	nil	nil	nil	nil	2,188	98,584	4,048,659	83,625	204,418	104,904
OSIS Grants	nil	nil	nil	nil	nil	366	14,100		11,658		
Project Grants	1,125	76,535	695,446	21,134	7,746	3,095	256,831		118,064		
Training Grants	nil	nil	nil	nil	nil	25	10,950		6,553		
<b>Total Grants</b>	<b>1,125</b>	<b>76,535</b>	<b>695,446</b>	<b>21,134</b>	<b>7,746</b>	<b>5,674</b>	<b>380,465</b>	<b>4,048,659</b>	<b>219,900</b>	<b>204,418</b>	<b>104,904</b>
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	239	63,013		58,568 (a) 45,404		
Old Criteria Grants	nil	nil	nil	nil	nil	3,623	259,532	9,966,026	226,656	387,589	225,496
OSIS Grants	nil	nil	nil	nil	nil	856	50,302		36,335		
Project Grants	1,429	148,081	1,222,596	30,714	15,181	4,956	655,444		322,805		
Training Grants	nil	nil	nil	nil	nil	104	22,339		14,157		
<b>Total Grants</b>	<b>1,429</b>	<b>148,081</b>	<b>1,222,596</b>	<b>30,714</b>	<b>15,181</b>	<b>9,539</b>	<b>987,617</b>	<b>9,966,026</b>	<b>599,953</b>	<b>387,589</b>	<b>225,496</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.

(a) Repayment of loans.

TABLE 5 NORTH EASTERN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i>	
				<i>New</i>	<i>Safeguarded</i>					<i>New</i>	<i>Safeguarded</i>
Loans/Equity	nil	nil	nil	nil	nil	68	20,224		17,990 (a) 17,421		
Old Criteria Grants	nil	nil	nil	nil	nil	688	59,293	3,143,450	51,126	97,368	54,295
OSIS Grants	nil	nil				196	13,162		8,362		
Project Grants	254	36,970	277,819	5,807	3,532	1,047	210,630		103,848		
Training Grants	nil	nil				54	6,615		4,577		
<b>Total Grants</b>	<b>254</b>	<b>36,970</b>	<b>277,819</b>	<b>5,807</b>	<b>3,532</b>	<b>1,985</b>	<b>289,700</b>	<b>3,143,450</b>	<b>167,913</b>	<b>97,368</b>	<b>54,295</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 6 YORKSHIRE AND HUMBERSIDE: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i>	
				<i>New</i>	<i>Safeguarded</i>					<i>New</i>	<i>Safeguarded</i>
Loans/Equity	nil	nil	nil	nil	nil	57	9,913		9,186 (a) 7,812		
Old Criteria Grants	nil	nil	nil	nil	nil	962	36,407	1,742,770	31,691	86,985	37,138
OSIS Grants	nil	nil				203	9,189		7,388		
Project Grants	150	17,218	162,820	3,987	2,005	834	100,568		57,533		
Training Grants	nil	nil				9	5,157		3,157		
<b>Total Grants</b>	<b>150</b>	<b>17,218</b>	<b>162,820</b>	<b>3,987</b>	<b>2,005</b>	<b>2,008</b>	<b>151,321</b>	<b>1,742,770</b>	<b>99,769</b>	<b>86,985</b>	<b>37,138</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 7 EAST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i>	
				<i>New</i>	<i>Safeguarded</i>					<i>New</i>	<i>Safeguarded</i>
Loans/Equity	nil	nil	nil	nil	nil	17	1,063		1,057 (a) 965		
Old Criteria Grants	nil	nil	nil	nil	nil	263	5,184	358,967	4,706	28,480	1,492
OSIS Grants	nil	nil				53	10,174		7,710		
Project Grants	37	1,352	16,357	556	100	328	28,076		20,210		
Training Grants	nil	nil				8	667		558		
<b>Total Grants</b>	<b>37</b>	<b>1,352</b>	<b>16,357</b>	<b>556</b>	<b>100</b>	<b>652</b>	<b>44,101</b>	<b>358,967</b>	<b>33,184</b>	<b>28,480</b>	<b>1,492</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 8 SOUTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	27	3,557		3,491 (a) 3,144		
Old Criteria Grants	nil	nil	nil	nil	nil	243	11,810	465,020	9,839	21,907	5,181
OSIS Grants	nil	nil				35	1,309		704		
Project Grants	44	5,635	38,645	1,271	33	225	30,187		17,211		
Training Grants	nil	nil				5	1,945		1,079		
<b>Total Grants</b>	<b>44</b>	<b>5,635</b>	<b>38,645</b>	<b>1,271</b>	<b>33</b>	<b>508</b>	<b>45,251</b>	<b>465,020</b>	<b>28,833</b>	<b>21,907</b>	<b>5,181</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 9 WEST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	1	60		60 (a) 60		
Old Criteria Grants	nil	nil	nil	nil	nil	13	727	923,723	721	28,579	18,466
OSIS Grants	nil	nil				nil	nil		nil		
Project Grants	654	52,796	449,497	14,045	5,368	1,175	99,763		29,511		
Training Grants	nil	nil				7	3,674		3,003		
<b>Total Grants</b>	<b>654</b>	<b>52,796</b>	<b>449,497</b>	<b>14,045</b>	<b>5,368</b>	<b>1,195</b>	<b>104,164</b>	<b>923,723</b>	<b>33,235</b>	<b>28,579</b>	<b>18,466</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 10 NORTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1987 TO 31 MARCH 1988

	<i>Offers accepted 1.4.87 to 31.3.88</i>					<i>Cumulative offers accepted to 31 March 1988</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	69	28,196		26,784 (a) 16,002		
Old Criteria Grants	nil	nil	nil	nil	nil	1,454	146,111	3,332,096	128,573	124,270	108,924
OSIS Grants	nil	nil				369	16,468		12,171		
Project Grants	290	34,110	277,458	5,048	4,143	1,347	186,220		94,492		
Training Grants	nil	nil				21	4,281		1,783		
<b>Total Grants</b>	<b>290</b>	<b>34,110</b>	<b>277,458</b>	<b>5,048</b>	<b>4,143</b>	<b>3,191</b>	<b>353,080</b>	<b>3,332,096</b>	<b>237,019</b>	<b>124,270</b>	<b>108,924</b>

Old Criteria Grants include Interest Relief and Removal Grants. OSIS= Office and Service Industries Scheme.  
(a) Repayment of loans.

TABLE 11 CUMULATIVE OFFERS AND PAYMENTS BY TYPE OF INDUSTRY TO 31 MARCH 1988(a)

Standard Industrial classification (SIC) 1980	OFFERS ACCEPTED											
	Loans/Equity		Old Criteria Grants		Project Grants		Training Grants		Payments	Associated Project Costs	Estimated Employment	
	Number	Value £'000	Number	Value £'000	Number	Value £'000	Number	Value £'000	Value £'000	Value £'000	New	Safe
0 Agriculture, forestry and fishing	1	25	10	141	26	1,083	nil	nil	662	9,228	419	168
1 Energy and water supply industries	1	100	17	306	39	5,252	1	300	3,141	60,103	1,238	682
2 Extraction of minerals and ores other than fuels; manufacture of metals, mineral products and chemicals	56	19,921	752	62,419	942	208,548	16	3,765	168,727	4,047,911	66,622	58,077
3 Metal goods, engineering and vehicles industries	218	64,288	2,215	293,000	2,857	606,657	94	53,779	630,380	9,124,602	315,149	194,711
4 Other manufacturing industries	201	46,846	2,314	119,974	2,908	374,634	62	8,611	349,024	5,380,312	227,140	102,607
5 Construction	3	543	52	1,105	70	3,389	nil	nil	3,202	58,604	4,872	89
6 Distribution, hotels and catering; repairs	3	229	44	982	195	15,521	1	40	7,163	163,725	6,383	1,713
7 Transport and communication	nil	nil	8	284	50	4,660	nil	nil	2,071	123,538	1,982	79
8 Banking, finance, insurance, business services and leasing	1	80	26	725	166	8,527	1	51	3,861	94,790	4,731	108
9 Other services	nil	nil	5	127	75	5,137	nil	nil	1,859	41,877	1,504	401
<b>Total</b>	<b>484</b>	<b>132,032</b>	<b>5,443</b>	<b>479,063</b>	<b>7,328</b>	<b>1,233,408</b>	<b>175</b>	<b>66,546</b>	<b>1,170,090</b>	<b>19,104,690</b>	<b>630,040</b>	<b>358,635</b>

(a) Excluding Office and Service Industries Scheme.

TABLE 12 PAYMENTS MADE BY FINANCIAL YEAR FOR GREAT BRITAIN

£'000

Financial Year	Loans/Equity	Old Criteria Grants	Project Grants	Training Grants	OSIS Grants	Total
1972-73	248	54	nil	nil	nil	302
1973-74	19,924	3,173	18	nil	nil	23,115
1974-75	20,210	14,850	3	nil	190	35,253
1975-76	43,867	21,933	18	nil	1,017	66,835
1976-77	21,514	20,037	23	nil	1,641	43,215
1977-78	9,190	32,617	nil	nil	2,144	43,951
1978-79	5,325	93,483	18	nil	3,105	101,931
1979-80	1,500	73,777	1,507	nil	3,423	80,207
1980-81	100	61,688	10,039	23	5,327	77,177
1981-82	36	42,761	28,431	1,826	3,899	76,953
1982-83	12	28,006	55,580	2,532	5,348	91,478
1983-84	nil	9,539	64,809	5,357	9,575	89,280
1984-85	nil	3,390	81,257	6,093	7,485	98,225
1985-86	nil	3,388	97,521	13,766	4,962	119,637
1986-87	nil	1,031	115,288	8,066	2,443	126,828
1987-88	nil	353	140,016	5,893	2,408	148,670
<b>Total</b>	<b>121,926</b>	<b>410,080</b>	<b>594,528</b>	<b>43,556</b>	<b>52,967</b>	<b>1,223,057</b>

Old Criteria Grants include Interest Relief and Removal Grants.  
OSIS=Office and Service Industries Scheme.

TABLE 13 EMPLOYMENT CREATED AND SAFEGUARDED TO 31 MARCH 1988(a)

Region	Offers accepted to 31 March 1986 £'000	Total Payments to 31 March 1988 £'000	Forecast of RDG associated with projects £'000	Forecast employment associated with projects at time of offer	Realisation of forecast up to 31 March 1988
Scotland	407,677	335,509	367,553	206,651	140,983
Wales	278,274	223,111	275,270	124,600	98,926
North East	194,677	167,040	258,387	123,805	90,725
Yorkshire and Humberside	126,277	103,936	42,007	107,992	79,681
East Midlands	37,647	33,154	18,494	26,833	18,636
South West	38,419	29,989	18,430	23,710	15,094
West Midlands	21,126	15,310	129	11,844	11,853
North West	288,163	246,630	193,568	204,286	145,287
<b>Total England</b>	<b>706,309</b>	<b>596,059</b>	<b>531,015</b>	<b>498,470</b>	<b>361,276</b>
<b>Total Great Britain</b>	<b>1,392,260</b>	<b>1,154,679</b>	<b>1,173,838</b>	<b>829,721</b>	<b>601,185</b>

(a) The above Table sets out the estimated level of employment achieved so far on projects where offers of assistance were accepted up to 31 March 1986 on which some payment has been made.

APPENDIX 7

**European Regional Development Fund (ERDF): specific measures for Steel, Shipbuilding, Textile and Clothing, and Fisheries Areas**

The total of £62.4 million ERDF and UK contribution which has been made available is allocated as follows:

<i>Region</i>	<i>£million</i>
Scotland	7.7
Wales	7.5
North East	6.6
Yorkshire and Humberside	17.1
East Midlands	2.1
North West	21.4
<b>Total</b>	<b>62.4</b>

Better Business Services in Scotland provides nine consultancy services to help small firms with their business performance. The Scottish Better Technical Services provide five services to help small firms to innovate.

Business Improvement Services in Wales and England is intended to help small firms with most stages of their growth and development from identifying new products, through market research and consultancy advice, to the purchase of fixed assets. Help can also be given with the provision of common services for groups of small firms.

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1988 — ERDF SPECIFIC MEASURES

<i>Region</i>	<i>Applications</i>		<i>Offers</i>			
	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Assistance offered (£'000)</i>	<i>Payments (£'000)</i>
Scotland	21,747	14,432	13,757	13,353	7,440	7,121
Wales	2,213	39,461	1,834	20,601	5,213	1,972
North East	2,238	25,448	1,443	17,605	7,534	3,768
Yorkshire and Humberside	3,481	95,936	2,406	66,267	23,917	15,733
East Midlands	612	7,316	327	3,299	1,758	952
North West	4,671	100,983	2,586	57,189	17,468	12,098
<b>Total</b>	<b>34,962</b>	<b>284,126</b>	<b>22,353</b>	<b>178,314</b>	<b>63,330</b>	<b>1,646</b>

TABLE 2 AREAS ELIGIBLE FOR SUPPORT UNDER ERDF SPECIFIC MEASURES(a)

<i>Steel Areas</i>	<i>Shipbuilding Areas</i>	<i>Textile Areas</i>	<i>Fisheries Areas</i>
Strathclyde	Strathclyde	Assisted Areas of Tayside	Grimsby TTWA
Cleveland	Cleveland	The following areas in West Yorkshire: Bradford TTWA Dewsbury TTWA Halifax TTWA	Hull TTWA
Clwyd	Tyne and Wear	Huddersfield TTWA Keighley TTWA Todmarden TTWA	Blackpool TTWA
South Glamorgan	Merseyside		
West Glamorgan (including those parts of Port Talbot TTWA(b) located in Mid Glamorgan)			
Gwent		The following areas in Lancashire: Accrington TTWA Blackburn TTWA Burnley TTWA Lancaster TTWA Nelson TTWA Rossendale TTWA	
Corby TTWA		The following areas of Greater Manchester: Ashton-under-Lyne TTWA Bolton TTWA Bury TTWA Leigh TTWA Oldham TTWA Rochdale TTWA Wigan	
Llanelli TTWA			
Assisted Areas in Durham (including parts of Consett TTWA located in Northumberland and Tyne and Wear)			
Assisted Areas in Humberside (including parts of Scunthorpe TTWA located in Lincolnshire)			
South Yorkshire (including Sheffield TTWA)			

(a) Assisted Areas as defined on 1 February 1984 by the Department of Trade and Industry.

(b) TTWA = Travel-to-Work Area, as defined on 1 February 1984 by the Department of Employment. Eligibility of the above area for ERDF aids is set out in European Community Council Regulations and is not affected by that Department's 1984 review of Travel-to-Work Area boundaries, nor by the Department of Trade and Industry's 1984 review of Assisted Areas.



## APPENDIX 8

# Exchange Risk Guarantee Scheme for Loans from the European Coal and Steel Community

The Exchange Risk Guarantee Scheme was first introduced in January 1978 and was originally designed to encourage private firms in the Assisted Areas and Northern Ireland to take advantage of the attractive foreign currency loans available from the European Investment Bank and the European Coal and Steel Community (ECSC). Exchange risk cover for New Community Instrument lending, available in Non-Assisted Areas, was introduced in January 1983, and was run down from 31 December 1984. Exchange risk cover for European Investment Bank lending, and for ECSC loans of more than £50,000 can seek to make up the difference by Sterling loans from ECSC, or by borrowing at the borrowers exchange risk.

### European Coal and Steel Community (ECSC)

ECSC loans are available under Article 54 of the Treaty of Paris for projects which contribute directly to improving efficiency, productivity or marketing in the coal and steel industries and under Article 56 of the Treaty for projects in most sectors of industry which provide new employment opportunities in the coal or steel closure areas. Both forms

of lending are eligible for exchange risk cover. The loans are medium-term (generally eight years) and are normally made in foreign currencies at a fixed rate of interest. Depending on the number of jobs suitable for ex-coal and steel workers, an interest rebate worth up to 5 per cent per annum may be paid over the first five years of the loan.

### Size of Loans

ECSC will lend up to 50 per cent of the fixed capital cost of qualifying projects.

The normal minimum loan is £3 million but smaller loans down to a minimum of £5,000 are available through 3i, Barclays Bank, Clydesdale Bank, Scottish Development Agency, Welsh Development Agency, National Westminster Bank, Bank of Scotland and Royal Bank of Scotland which have global loan agreements with ECSC. Loans involving sums of more than £3 million are negotiated direct with ECSC.

### Progress of the Scheme

In 1987-88 funds worth £54 million were provided for use by ECSC agents, helping to create an estimated 4,500 jobs.

## APPENDIX 9

## Financial Assistance under Section 13 of the Industrial Development Act 1982 and Section 7 of the Local Employment Act 1972

TABLE 1 IMPROVEMENT OF BASIC SERVICES IN THE AREA FOR EXPANSION

Department	Service	Applications				Applications approved			
		Brought forward from 1986-87	Received in 1987-88	Rejected	Withdrawn	Under consideration	Number	Estimated cost (£'000)	Estimated grant (£'000)
Department of Environment	Sewerage	111	26	3	11	109	14	1,034	334
	Water Supply	67	13	nil	nil	71	9	553	140
Department of Transport	Roads	17	25	nil	2	10	30	7,825	1,897
Scottish Development Department	Roads	4	5	1	nil	1	7	782	235
	Sewerage	3	1	nil	nil	nil	4	76	23
	Water Supply	2	2	nil	nil	2	2	13	4
Welsh Office	Roads	7	14	2	1	7	11	2,883	504
	Sewerage	23	8	1	nil	27	3	1,762	202
	Water Supply	48	17	1	2	52	10	772	45
Department of Energy	Electricity	nil	1	nil	1	nil	nil	nil	nil
<b>Total</b>		<b>282</b>	<b>112</b>	<b>8</b>	<b>17</b>	<b>279</b>	<b>90</b>	<b>15,700</b>	<b>3,384</b>

(a) No applications were brought forward from 1986-87 nor were any new applications received in respect of the Industry Department for Scotland, the Ministry of Agriculture, Fisheries and Food, the Department of Energy (Gas) Scheme, or the Department of Transport (Railways) Scheme.

APPENDIX 10

**Assistance under Section 14 of the Industrial Development Act 1982 and the English Industrial Estates Corporation Act 1981**

TABLE 1 STOCK OF PREMISES MANAGED BY ENGLISH ESTATES AS AT 31 MARCH 1988

Region	Status of area(a)	Leasable Stock							
		Total		Occupied		Vacant		Under Construction(b)	
		Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>
North East	AA	2,048	1,074,217	1,557	921,273	491	152,944	98	28,217
	NAA	121	36,384	85	29,559	36	6,825	17	1,230
North West	AA	1,421	406,813	1,224	352,627	197	54,186	108	26,238
	NAA	384	135,771	326	124,377	58	11,394	10	1,402
Yorkshire & Humberside	AA	592	159,566	514	141,862	78	17,704	20	7,753
	NAA	305	55,726	283	51,479	22	4,247	20	1,960
East Midlands	AA	30	6,345	27	5,563	3	782	1	360
	NAA	283	56,922	253	53,029	30	3,893	22	3,646
West Midlands	AA	43	7,745	34	6,300	9	1,445	4	468
	NAA	211	34,487	192	31,823	19	2,664	—	—
South West	AA	426	84,653	386	70,346	40	14,307	32	9,008
	NAA	328	52,989	279	46,510	49	6,479	35	2,153
South East	AA	232	36,132	213	33,076	19	3,056	62	9,730
Total		6,424	2,147,750	5,373	1,867,824	1,051	279,926	429	92,165

(a) AA=Assisted Area, NAA=Non-Assisted Area. (b) Under Construction includes Extensions and Custom Built Premises.

TABLE 2 EMPLOYMENT IN OCCUPIED ENGLISH ESTATES PREMISES – POSITION AT YEAR ENDING 31 MARCH 1988

Region	1987			1988		
	Male	Female	Total	Male	Female	Total
North East	23,095	13,825	36,920	25,823	13,804	39,627
North West	8,451	5,073	13,524	10,629	6,175	16,804
Yorkshire and Humberside	3,959	1,744	5,703	6,619	2,775	9,394
East Midlands	802	356	1,158	622	294	916
West Midlands	733	581	1,314	811	528	1,339
South West	3,007	2,220	5,227	3,005	1,911	4,916
South East	542	330	872	790	451	1,241
Total Leased	40,589	24,129	64,718	48,299	25,938	74,237
Sold by English Estates or privately built on English Estates land			67,521			77,397
Total			132,239			151,634

TABLE 3 ENGLISH ESTATES: PREMISES

Region	Status of area (a)	Occupied during 1987-88		Vacated during 1987-88		Reserved Vacant at 31 March 1988		Available for letting at 31 March 1988		Vacancy rate
								Vacant—Res. Vacant		
		Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>	Units	Area m <sup>2</sup>	
North East	AA	522	146,230	355	107,996	163	61,395	328	91,549	8.5
	NAA	29	4,879	23	4,275	4	739	32	6,086	16.7
North West	AA	604	69,542	191	23,814	61	16,858	136	37,328	9.2
	NAA	93	15,488	59	7,689	31	5,976	27	5,418	4.0
Yorkshire & Humberside	AA	242	38,809	118	15,539	7	4,046	71	13,658	8.6
	NAA	60	8,793	32	4,724	7	1,539	15	2,708	4.9
East Midlands	AA	11	1,591	7	826	1	224	2	558	8.8
	NAA	83	16,873	49	6,079	3	915	27	2,978	5.2
West Midlands	AA	8	1,228	—	—	3	703	6	742	9.6
	NAA	61	8,445	30	3,800	11	1,630	8	1,034	3.0
South West	AA	178	27,490	96	17,810	15	9,849	25	4,458	5.3
	NAA	69	7,931	46	4,594	21	3,000	28	3,479	6.6
South East and East Anglia	NAA	75	10,238	38	3,795	2	301	17	2,755	7.6
Total		2,035	357,537	1,044	200,941	329	107,175	722	172,751	8.0

(a) AA=Assisted Area, NAA=Non Assisted Area.

TABLE 4 FACTORY BUILDING COMPLETED 1987/88

Region	Area Status (a)	Advance Factories									
		Department of Trade and Industry		Private Sector		Rural Development Commission		Extensions and Custom Built		Total	
		Units	m <sup>2</sup>	Units	m <sup>2</sup>	Units	m <sup>2</sup>	Units	m <sup>2</sup>	Units	m <sup>2</sup>
North East	AA	233	62,109	—	—	6	276	5	6,964	244	69,349
	NAA	—	—	—	—	—	—	—	—	—	—
North West	AA	33	12,123	—	—	—	—	1	511	34	12,634
	NAA	—	—	—	—	14	1,186	1	434	15	1,620
Yorkshire & Humberside	AA	76	14,490	—	—	8	572	2	4,262	86	19,324
	NAA	7	702	—	—	8	892	1	929	16	2,523
East Midlands	AA	—	—	—	—	—	—	—	—	—	—
	NAA	—	—	—	—	23	3,437	1	416	24	3,853
West Midlands	AA	—	—	—	—	—	—	—	—	—	—
	NAA	—	—	—	—	8	758	—	—	8	758
South West	AA	47	9,399	—	—	13	1,228	2	3,089	62	13,716
	NAA	—	—	—	—	6	837	—	—	6	837
South East	AA	—	—	—	—	—	—	—	—	—	—
	NAA	—	—	—	—	9	2,975	1	279	10	3,254
<b>Total</b>		<b>396</b>	<b>98,823</b>	<b>—</b>	<b>—</b>	<b>95</b>	<b>12,161</b>	<b>14</b>	<b>16,884</b>	<b>505</b>	<b>127,868</b>

AA= Assisted Area, NAA= Non-Assisted Area.  
There was no building undertaken in the Private Sector.

TABLE 5 RENT FREE PERIODS GRANTED BY ENGLISH ESTATES DURING 1987/88

Region	Number	Value (£)
North	62	664,450.59
North West	73	1,282,808.40
Yorkshire & Humberside	27	104,118.36
East Midlands	14	75,343.75
West Midlands	2	4,546.32
South West	14	107,594.50
South East	8	45,295.00
<b>Total</b>	<b>200</b>	<b>2,284,156.92</b>

TABLE 7 ENGLISH ESTATES — ANALYSIS OF 1987/88 DTI CAPITAL EXPENDITURE

Region	Expenditure (£000s)
North East	21,491
North West	14,739
South West	3,361
Yorkshire & Humberside	6,864
West Midlands	510
South East	1,621
<b>Total</b>	<b>48,586</b>

TABLE 6 EXPENDITURE AND RECEIPTS IN RESPECT OF LAND AND FACTORY BUILDINGS IN 1987/88

	£'000
<i>Expenditure (a)</i>	
Land Acquisition	5,103
Cost of works and modernisation of factories	43,483
	<b>48,586</b>
<i>Receipts</i>	
Net Rents (b)	13,933
Cash sales of land and buildings	19,025
Capital instalments of credit sales of land and buildings	426
Interest in respect of credit sales	267
Refunds (V.A.T.)	715
Other capital receipts	1,186
	<b>35,552</b>
Capital expenditure funded by the Development Commission for Rural England (c)	15,000

(a) Includes £1.59m capital expenditure at Chatham.

(b) Excludes £2.50m net rents and £1.67m capital receipts in respect of D.C. properties.

(c) In respect of 100 per cent programme, 50:50 schemes are excluded.

APPENDIX 11

**Assistance under Section 1 of the Derelict Land Act 1982**

RECLAMATION OF DERELICT LAND IN ASSISTED AREAS AND DERELICT LAND CLEARANCE AREAS:  
DERELICT LAND GRANT(a)

<i>Brought forward from 1986-87</i>	<i>1987-88</i>		<i>Applications</i>			<i>Applications approved (b)</i>			<i>Applications outstanding at 31 March (c)</i>
	<i>Received</i>	<i>Refused</i>		<i>Number withdrawn</i>	<i>Number</i>	<i>Area (Hectares)</i>	<i>Estimated cost (£'000)</i>	<i>Grant payable (£'000)</i>	
		<i>Number</i>	<i>Area (d) (Hectares)</i>						
564	1,038	110	500	66	803	3,751	59,397	52,517	633

(a) These figures relate to DLG reclamation schemes in England which are the administrative responsibility of the Department of the Environment. In Scotland and Wales responsibility for land reclamation lies with the respective Development Agencies.

(b) Includes DLG reclamation schemes that have received either pre-tender or final approval.

(c) Includes schemes where grant approval has been given in principle.

(d) Where known.

APPENDIX 12

Assistance under Section 8 of the Industrial Development Act 1982(a)

THE SUMMARY OF APPLICATIONS AND OFFERS TO 31 MARCH 1988

	Date of introduction	Closing Date for applications	Applications			Offers			Payments (£'000)	
			Received	Rejected or withdrawn	Under consideration 31.3.88	Number	Project costs (£'000)	Assistance offered (£'000)	Cumulative	Year to 31.3.88
<i>Schemes open for applications at 31.3.88</i>										
General										
Assistance for Exceptional Projects	12.1.88	Not applicable	5	2	3	nil	nil	nil	nil	nil
Other										
Certification Schemes	April '83	Not applicable	46	1	24	26	7,783	1,734	1,141	144
<b>Total</b>			<b>51</b>	<b>3</b>	<b>27</b>	<b>26</b>	<b>7,783</b>	<b>1,734</b>	<b>1,141</b>	<b>144</b>
<i>Schemes closed for applications at 31.3.88 with transactions outstanding at 31.3.87</i>										
General										
Support for Major Projects	17. 7.79	12. 1.88	471	284	1	186	668,675	69,649	49,356	3,808
Selective Investment Scheme	15.12.76	30. 6.79	766	590	nil	176	1,055,834	108,372	97,674	nil
Other										
Microelectronics Industry Support Programme 1										
Investment Support for Microelectronics	26. 7.78	12. 1.88	204	38	nil	166	276,430	59,047	53,283	150
Fibre Optics	19. 3.84	12. 1.88	184	69	5	110	273,999	41,704	19,401	4,594
Advanced Manufacturing Technology (b.c)	27. 7.81	12. 1.88	35	6	3	26	41,379	5,965	4,281	1,178
Quality Assurance	8. 6.82	30. 6.86	612	271	nil	341	265,952	58,695	37,637	6,878
Innovation-Linked Investment Scheme	20. 6.83	19.12.86	693	179	6	542	18,726	4,221	2,538	806
Coal Firing Scheme	1. 6.83	22. 5.84	139	71	nil	68	11,985	2,239	1,426	48
<b>Total</b>	22. 5.81	30. 6.87	<b>911</b>	<b>479</b>	<b>4</b>	<b>428</b>	<b>273,642</b>	<b>50,215</b>	<b>43,902</b>	<b>4,252</b>
<b>Total</b>			<b>4,015</b>	<b>1,987</b>	<b>19</b>	<b>2,043</b>	<b>2,886,622</b>	<b>400,107</b>	<b>309,498</b>	<b>21,714</b>
<i>Schemes closed for applications at 31.3.88 with no transactions outstanding at 31.3.87</i>										
General										
Accelerated Projects	15. 4.75	31. 7.76	297	186	nil	111	586,107	70,659	69,829	nil
Other										
Wool Textile Stage 1	19. 7.73	31.12.75	331	26	nil	305	74,810	16,977	16,183	nil
Wool Textile Stage 2	29.11.76	31.12.77	72	5	nil	67	30,494	7,457	6,208	nil
Ferrous Foundry	5. 8.75	31.12.76	514	164	nil	350	284,457	68,242	47,916	nil
Machine Tool	5. 8.75	31.12.77	438	126	nil	312	168,154	32,324	22,899	nil
Clothing	15.10.75	31.12.77	1,114	197	nil	917	93,450	20,383	13,884	nil
Paper & Board	15. 6.76	30. 6.78	149	52	nil	97	86,986	19,388	18,725	nil
Non-Ferrous Foundry	24. 1.77	31. 7.78	347	98	nil	249	101,234	22,035	11,826	nil
Electronics Components	24. 1.77	31.12.78	149	64	nil	85	59,200	15,603	12,100	nil
Instrumentation & Automation	1.11.77	30. 4.79	229	70	nil	159	50,120	8,424	6,844	nil
Drop Forging	8.11.77	30. 6.79	124	33	nil	91	24,361	6,128	4,044	nil
Footwear	18. 4.78	31. 3.80	572	92	nil	480	29,227	4,896	3,374	nil
Printing Machinery	13. 8.76	31.12.77	75	17	nil	58	73,256	14,317	8,795	nil
Textile Machinery	13. 8.76	31.12.77	81	27	nil	54	66,660	12,859	6,270	nil
Poultrymeat Processing	4. 8.76	31. 3.77	124	45	nil	79	42,986	8,059	7,319	nil
Steel Casting	14.12.81	Not applicable	4	1	nil	3	20,204	7,156	7,156	nil
Private Sector Steel	14.12.81	7. 3.84	255	49	nil	206	124,852	35,765	32,247	nil
Energy Conservation	13. 6.78	30. 6.80	5,512	1,265	nil	4,427	102,181	26,459	25,135	nil
Small Engineering Firms Investment Scheme (1)	30. 3.82	28. 5.82	1,882	436	nil	1,446	96,441	32,147	25,990	nil
Small Engineering Firms Investment Scheme (2)	31. 3.83	30. 9.83	6,415	1,524	nil	4,891	232,314	72,917	48,224	nil
Computer Aided Design and Test Equipment	1. 8.82	12. 3.84	1,334	254	nil	1,080	101,794	25,971	21,828	nil
<b>Total</b>			<b>20,018</b>	<b>4,731</b>	<b>nil</b>	<b>15,467</b>	<b>2,449,288</b>	<b>528,166</b>	<b>416,796</b>	<b>nil</b>
<b>Total (all Schemes)</b>			<b>24,084</b>	<b>6,721</b>	<b>46</b>	<b>17,536</b>	<b>5,343,693</b>	<b>930,007</b>	<b>727,435</b>	<b>21,858</b>

(a) Does not include Small Firms Loan Guarantee Scheme, Financial Management Advisory Experiment, European Regional Development Fund Special Measures, the Offshore Supplies Interest Relief Scheme, cases assisted by General Powers under Section 8.

(b) Formerly Flexible Manufacturing Systems Scheme and Robot Support Programme.

(c) Does not include consultancy studies.

## APPENDIX 13

## General Investment Support for Major Projects

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1988

Region	Applications						Offers			
	Received		Rejected or or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	21	557,703	16	551,852	nil	nil	5	6,026	795	667
Wales	13	199,356	4	177,940	nil	nil	9	21,698	2,839	2,516
North East	14	62,701	7	46,706	nil	nil	7	21,013	2,064	1,196
Yorkshire and Humberside	42	205,153	29	143,988	nil	nil	13	61,166	7,100	2,277
East Midlands	46	238,257	36	181,449	nil	nil	10	60,802	6,106	5,556
South East	131	727,326	83	486,651	nil	nil	48	233,494	21,205	14,176
South West	35	200,594	24	155,386	1	10,000	10	38,986	3,060	2,392
West Midlands	122	424,408	59	252,317	nil	nil	63	162,748	20,771	16,281
North West	47	293,381	26	225,635	nil	nil	21	62,742	5,530	4,295
<b>Total</b>	<b>469</b>	<b>2,908,879</b>	<b>283</b>	<b>2,221,923</b>	<b>1</b>	<b>10,000</b>	<b>186</b>	<b>668,675</b>	<b>69,469</b>	<b>49,356</b>
Of which, in year ended 31.3.88	28	78,633	30	146,637	—	—	7	13,919	2,695	3,808

TABLE 2 ASSISTANCE OFFERED BY TYPE OF INDUSTRY TO 31 MARCH 1988

Standard Industrial Classification Orders (SIC 1980)	Number	Assistance Offered (£'000)	Project costs (£'000)
1. Energy & Water Supply Industries	2	7,803	1,190
2. Extraction of Minerals and ores, other than fuels; manufacture of metals, mineral products and chemicals	36	107,724	12,378
3. Metal goods, engineering and vehicles industries (a)	121	399,731	44,954
4. Other Manufacturing industries	27	153,417	10,947
<b>Total</b>	<b>186</b>	<b>668,675</b>	<b>69,469</b>

(a) includes electrical and electronic engineering.

APPENDIX 14

**Assistance for Exceptional Projects**

Successful applications for assistance under this programme will involve a major innovation and/or the introduction into the United Kingdom of an enabling technology or a major new, or radically improved product or process leading to substantial wider benefits. Examples of such benefits include:

improvements in the performance of other United Kingdom companies, such as customers or suppliers to the applicant, and/or

a substantial long-term impact on United Kingdom capability in a significant activity.

The project may be anywhere in the United Kingdom and should normally cost at least £500,000. In addition, the

applicant must prove that:

the project is commercially viable; and

despite its exceptional merits, the project will not go ahead as planned without assistance.

Assistance is provided on a selective basis, normally as a grant. The amount is negotiated as the minimum necessary for the project to succeed, and will not normally exceed 25 per cent of project costs.

Assistance for Exceptional Projects will be jointly funded under Section 8 of the Industrial Development Act 1982, and the Science and Technology Act 1965.

APPLICATIONS AND OFFERS TO 31 MARCH 1988 ASSISTANCE FOR EXCEPTIONAL PROJECTS

Region	Applications					
	Received		Rejected or withdrawn		Under consideration	
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)
South East	2	15,589	nil	nil	2	15,589
West Midlands	2	5,295	1	4,395	1	900
Yorkshire/Humberside	1	13,000	1	13,000	nil	nil
<b>Total</b>	<b>5</b>	<b>33,884</b>	<b>2</b>	<b>17,395</b>	<b>3</b>	<b>16,489</b>



## APPENDIX 15

**Small Firms Loan Guarantee Scheme**

TABLE 1 GUARANTEES ISSUED FROM INCEPTION IN JUNE 1981 TO 31 MARCH 1988 BY REGION

<i>Region (a)</i>	<i>Number</i>	<i>Value (£'000)</i>
Scotland	1,433	43,640
Wales	871	27,310
North East	835	26,480
Yorkshire & Humberside	1,484	44,350
East Midlands	1,231	42,340
South East	7,216	263,680
South West	1,805	57,220
West Midlands	1,632	52,370
North West	2,440	76,400
Northern Ireland	249	9,060
<b>Total</b>	<b>19,196</b>	<b>642,850</b>

(a) By standard DTI regions.

TABLE 2 GUARANTEES ISSUED FROM 1 MAY 1986 TO 31 MARCH 1988 BY REGION

<i>Region (a)</i>	<i>Number</i>	<i>Value (£'000)</i>
Scotland	174	6,600
Wales	115	4,400
North East	110	3,840
Yorkshire & Humberside	173	6,920
East Midlands	162	6,670
South East	773	31,100
South West	273	9,710
West Midlands	189	6,480
North West	268	9,510
Northern Ireland	47	1,370
<b>Total</b>	<b>2,284</b>	<b>86,600</b>

(a) By standard DTI regions.

## Support for Advanced Manufacturing Technology (AMT) Project Planning and Implementation and Project Installation

This measure provided assistance for consultancy studies and the installation of Advanced Manufacturing Technology (AMT) systems. Grants of 50 per cent of professional consultancy fees up to a maximum grant of £50,000 were available for Planning and Implementation studies and grants of up to 20 per cent were available toward the capital and development costs of installing AMT systems. The assis-

tance scheme for consultancy studies closed for applications on 31 March 1988 and the assistance scheme for AMT installations closed for applications on 30 June 1986.

At 31 March 1988, grants totalling £58.7 million had been offered for the installation of 341 systems, and £14.7 million towards 962 Planning and Implementation Studies.

### APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1988— AMT INSTALLATIONS

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	39	55,987	20	45,615	nil	nil	19	9,724	2,043	1,564
Wales	18	12,349	10	10,015	nil	nil	8	2,024	569	231
North East	27	20,290	10	11,490	nil	nil	17	7,882	1,864	1,486
Yorkshire and Humberside	41	35,641	18	15,553	nil	nil	23	20,320	4,860	3,071
East Midlands	53	59,916	31	44,143	nil	nil	22	15,825	3,602	1,575
South East	166	140,960	78	63,088	nil	nil	88	70,214	14,188	7,540
South West	68	46,838	23	30,089	nil	nil	45	17,130	4,828	3,975
West Midlands	124	129,186	52	52,796	nil	nil	72	69,602	16,346	11,230
North West	72	82,496	29	28,495	nil	nil	43	51,641	10,028	6,648
Northern Ireland	4	1,798	nil	nil	nil	nil	4	1,591	369	316
<b>Total</b>	<b>612</b>	<b>585,461</b>	<b>271</b>	<b>301,285</b>	<b>nil</b>	<b>nil</b>	<b>341</b>	<b>265,952</b>	<b>58,695</b>	<b>37,637</b>
Of which, in year ended 31.3.88	nil	nil	4	6,841	—	—	7	11,378	2,070	6,878

## APPENDIX 17

## Investment Support for Microelectronics (MISP2)

## APPLICATIONS AND OFFERS TO 31 MARCH 1988 INVESTMENT SUPPORT FOR MICROELECTRONICS (MISP2)

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	6	38,162	1	30,000	nil	nil	5	7,377	1,377	861
Wales	1	450	1	450	nil	nil	nil	nil	nil	nil
North East	2	2,313	1	1,816	nil	nil	1	497	99	60
Yorkshire and Humberside	2	788	1	240	nil	nil	1	608	134	102
East Midlands	18	95,539	10	59,026	5	34,587	3	1,035	218	112
South East	84	312,370	33	147,089	nil	nil	51	147,477	25,373	8,453
South West	23	153,772	15	111,930	nil	nil	8	41,933	4,914	4,076
West Midlands	4	3,589	1	2,163	nil	nil	3	1,125	278	138
North West	39	74,850	2	2,567	nil	nil	37	71,550	8,472	5,393
Mixed	5	6,102	4	3,705	nil	nil	1	2,397	839	206
<b>Total</b>	<b>184</b>	<b>687,935</b>	<b>69</b>	<b>358,986</b>	<b>5</b>	<b>34,587</b>	<b>110</b>	<b>273,999</b>	<b>41,704</b>	<b>19,401</b>
Of which in year ended 31.3.88	22	16,311	15	68,067	nil	nil	30	40,845	4,596	4,594

## APPENDIX 18

## Investment Support for Fibre Optics and Opto-Electronics

TABLE 1 APPLICATIONS AND OFFERS UNDER THE SCIENCE & TECHNOLOGY ACT 1965 TO 31 MARCH 1988  
INVESTMENT SUPPORT FOR FIBRE OPTICS AND OPTO-ELECTRONICS

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	5	2,774	1	1,090	1	362	3	718	207	137
Wales	4	2,925	3	2,448	nil	nil	1	477	98	22
North East	3	5,105	nil	nil	nil	nil	3	3,207	727	248
Yorkshire and Humberside	18	9,420	3	692	nil	nil	15	7,855	2,116	1,704
East Midlands	4	1,574	1	390	nil	nil	3	1,133	371	328
South East	133	135,846	19	12,492	9	8,829	105	112,653	26,426	19,238
South West	12	21,312	2	5,282	nil	nil	10	10,365	2,813	2,193
West Midlands	4	13,130	1	7,587	nil	nil	3	5,155	1,310	1,171
North West	9	16,909	6	15,781	nil	nil	3	1,191	1,196	1,172
Mixed	1	32	nil	nil	nil	nil	1	32	32	32
<b>Total</b>	<b>193</b>	<b>209,027</b>	<b>36</b>	<b>45,762</b>	<b>10</b>	<b>9,191</b>	<b>147</b>	<b>142,786</b>	<b>35,296</b>	<b>26,245</b>
Of which, in year ended 31.3.88	9	7,510	4	4,077	—	—	4	749	498	1,446

TABLE 2 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1988  
INVESTMENT SUPPORT FOR FIBRE OPTICS AND OPTO-ELECTRONICS

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	1	489	1	489	nil	nil	nil	nil	nil	nil
Wales	2	1,061	1	470	nil	nil	1	241	15	15
North East	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Yorkshire and Humberside	2	1,539	nil	nil	nil	nil	2	1,147	308	211
East Midlands	3	6,108	nil	nil	nil	nil	3	6,063	611	362
South East	20	44,235	4	6,107	3	1,132	13	23,917	3,092	2,312
South West	7	10,127	nil	nil	nil	nil	7	10,011	1,939	1,381
West Midlands	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
North West	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
<b>Total</b>	<b>35</b>	<b>63,559</b>	<b>6</b>	<b>7,066</b>	<b>3</b>	<b>1,132</b>	<b>26</b>	<b>41,379</b>	<b>5,965</b>	<b>4,281</b>
Of which, in year ended 31.3.88	3	3,773	1,	2,100	—	—	2	3,112	403	1,178

## APPENDIX 19

### Quality Assurance Support Scheme

The aim of this scheme was to provide financial assistance to small firms employing up to 500 people for improving their quality assurance procedures to the level of British Standard 5750 or an equivalent standard. Assistance was available in the form of a grant of 20 per cent (formerly 25 per cent) of the net eligible costs (ie net of VAT, Regional Development Grant, or any European Community Grant). Eligible costs were not to exceed £100,000 and might cover:

- (a) the production of a 'Quality Manual', ie a detailed document which sets out responsibilities for every step in the production process which relates to quality,

including organisation of component stocks, stores, inward inspection, testing;

- (b) the reorganisation of procedures, eg rebuilding and restructuring of a store area; training staff in the new procedures and quality assurance concepts;

- (c) the costs of assessment and approval to British Standard (BS) 5750 or other quality assurance schemes based on similar principles.

Assistance was not available towards purchasing production or test inspection equipment. Work could be sub-contracted to outside specialists where appropriate.

#### QUALITY ASSURANCE SUPPORT SCHEME (QASS) APPLICATIONS AND OFFERS TO 31 MARCH 1988

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	41	1,528	11	354	1	80	29	843	230	146
Wales	15	661	7	224	nil	nil	9	458	97	63
North East	38	1,556	19	935	1	50	23	742	195	104
Yorkshire and Humberside	86	2,485	21	625	nil	nil	68	1,940	438	266
East Midlands	74	2,320	8	170	1	39	66	2,138	471	281
South East and East Anglia	190	8,146	50	2,161	1	30	146	6,007	1,342	792
South West	49	1,684	14	435	1	86	39	1,280	306	208
West Midlands	134	3,933	26	842	1	97	112	3,152	689	441
North West	63	2,606	21	926	nil	nil	49	2,066	433	237
Northern Ireland	3	264	2	164	nil	nil	1	100	20	nil
<b>Total</b>	<b>693</b>	<b>25,183</b>	<b>179</b>	<b>6,836</b>	<b>6</b>	<b>382</b>	<b>542</b>	<b>18,726</b>	<b>4,221</b>	<b>2,538</b>
Of which in year ended 31.3.88	nil	nil	76	2,783	6	57	86	2,675	549	806

## APPENDIX 20

### Assistance for the Development of Certification Schemes

Certification is the recognition, after careful assessment by an independent body, that the quality management system of a firm is organised in line with modern practice, ie based on BS 5750 or equivalent. Certification gives greater confidence in the integrity of a product or service, saves inspection, failure and warranty costs, increases industrial efficiency and

helps to raise the overall quality of the marketed product.

The term 'certification' is used to cover not only certification of supplier quality management systems but also certification of personnel involved in quality verification and certification that products conform to agreed specifications.

## APPENDIX 21

## Coal Firing Scheme

Under the scheme, capital grants of up to 25 per cent of eligible costs were available for the conversion or replacement of existing oil and/or gasfired industrial equipment (ie boilers, furnaces, ovens, kilns, driers, gas producers, hot gas generators and similar equipment) with coal fired equipment. The grants were available towards the cost of the purchase and installation of essential plant and equipment and the provision or modification of buildings associated with the projects.

The scheme was open to commercial undertakings in manufacturing industry, commerce, agriculture and service sector, with some exceptions, notably banking and insurance. The scheme was essentially directed at the private sector and public sector bodies were generally excluded.

The scheme closed to new applications on 30 June 1987. Projects are required to be completed within two years except for particularly large projects where the completion date may be extended by prior agreement with the Department.

## COAL FIRING SCHEME: APPLICATIONS AND OFFERS TO 31 MARCH 1988

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	69	59,393	38	43,168	nil	nil	31	16,225	2,872	2,788
Wales	40	49,983	28	41,835	1	1,319	11	6,829	1,245	1,119
North East	44	51,778	23	10,136	nil	nil	21	41,642	4,738	4,714
Yorkshire and Humberside	150	30,670	69	17,341	nil	nil	81	13,329	3,100	2,922
East Midlands	89	57,917	41	48,674	nil	nil	48	9,243	2,190	2,123
South East	176	148,471	107	62,946	1	2,200	68	83,325	15,549	12,107
South West	54	14,361	22	7,600	nil	nil	32	6,761	1,380	1,099
West Midlands	59	19,761	32	10,821	nil	nil	27	8,940	1,830	1,570
North West	203	155,341	104	68,982	2	15,997	97	70,362	14,366	12,715
Northern Ireland	27	24,074	15	7,088	nil	nil	12	16,986	2,945	2,755
Total	911	611,749	479	318,591	4	19,516	428	273,642	50,215	43,902
Of which, in year ended 31.3.88										4,252

## APPENDIX 22

## Selective Investment Scheme

## APPLICATIONS AND OFFERS TO 31 MARCH 1988

Region	Applications							
	Received		Rejected or withdrawn		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	41	1,239,179	38	1,039,439	3	199,740	23,400	17,400
Wales	19	317,007	17	176,607	2	140,000	18,750	18,000
North East	26	321,034	20	171,448	6	149,586	14,505	2,630
Yorkshire and Humberside	60	185,406	48	145,765	12	39,641	4,703	4,670
East Midlands	97	318,834	66	209,934	31	108,900	9,793	9,502
South East	188	1,170,222	155	1,095,594	33	74,628	8,358	7,995
South West	63	154,918	47	109,674	16	45,244	3,954	3,486
West Midlands	174	365,341	116	238,836	58	126,505	15,016	13,128
North West	82	558,588	70	408,023	12	150,565	8,611	20,012
Mixed	16	180,384	13	174,484	3	5,900	634	626
Total	766	4,810,913	590	3,769,804	176	1,041,109	107,724	97,449
Of which, in year ended 31.3.88	nil	nil	nil	nil	nil	nil	nil	nil

APPENDIX 23

**Innovation-Linked Investment Scheme**

APPLICATIONS AND OFFERS TO 31 MARCH 1988

<i>Region</i>	<i>Applications</i>									
	<i>Received</i>		<i>Rejected or withdrawn</i>		<i>Under consideration</i>		<i>Offers</i>			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	15	3,402	6	1,539	nil	nil	9	1,356	245	97
Wales	8	489	5	388	nil	nil	3	117	23	23
North East	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Yorkshire and Humberside	20	2,868	13	1,587	nil	nil	7	1,066	213	166
East Midlands	12	3,121	8	2,697	nil	nil	4	471	94	48
South East	46	17,922	22	9,172	nil	nil	24	5,327	963	678
South West	13	3,519	5	1,185	nil	nil	8	1,719	325	239
West Midlands	20	4,311	11	3,056	nil	nil	9	1,020	200	113
North West	5	1,564	1	105	nil	nil	4	909	176	62
<b>Total</b>	<b>139</b>	<b>37,196</b>	<b>71</b>	<b>19,729</b>	<b>nil</b>	<b>nil</b>	<b>68</b>	<b>11,985</b>	<b>2,239</b>	<b>1,426</b>
Of which, in year ended 31.3.88	nil	nil	nil	nil	nil	nil	nil	nil	nil	48



## APPENDIX 24

## Microelectronics Industry Support Programme 1 (MISP1)

TABLE 1 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1988

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	14	97,535	4	38,060	nil	nil	10	59,475	8,642	8,245
Wales	5	529	nil	nil	nil	nil	5	440	118	105
North East	3	722	1	193	nil	nil	2	529	139	104
East Midlands	28	59,337	1	224	nil	nil	27	53,517	10,747	9,667
South East	48	77,651	19	16,579	nil	nil	29	58,645	13,833	12,409
South West	34	50,443	7	5,655	nil	nil	27	35,379	9,101	7,793
West Midlands	7	3,812	1	225	nil	nil	6	3,411	932	397
North West	61	70,432	1	238	nil	nil	60	65,034	15,535	14,563
Mixed	4	11,398	4	11,398	nil	nil	nil	nil	nil	nil
Total	204	371,859	38	72,572	nil	nil	166	276,430	59,047	53,283
Of which, in year ended 31.3.88										150

Note: The above includes offers and payments made for projects under the Electronic Components Industry Scheme and Section 7 that were subsequently transferred to MISP1.

TABLE 2 APPLICATIONS AND OFFERS UNDER THE SCIENCE AND TECHNOLOGY ACT 1965 TO 31 MARCH 1988

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Wales	4	224	nil	nil	nil	nil	4	162	45	40
East Midlands	2	5,632	nil	nil	nil	nil	2	5,132	1,371	1,246
South East	10	3,719	1	100	nil	nil	9	3,630	1,218	1,130
South West	5	1,030	1	240	nil	nil	4	833	458	426
West Midlands	1	480	nil	nil	nil	nil	1	480	120	118
North West	10	5,384	nil	nil	nil	nil	10	5,384	1,338	1,290
Total	32	16,469	2	340	nil	nil	30	15,621	4,550	4,250
Of which, in year ended 31.3.88										nil

Note: Some of the data in the above tables may not be compatible with figures shown in past Reports. Recent computerisation has produced corrected data.

APPENDIX 25

## Assistance to the Shipbuilding Industry

### Home Credit Scheme for Shipbuilding

In the year to 31 March 1988 payments of interest grant totalled £26.9 million including the discount of £0.25 million referred to in paragraph 54 of the main text. These were made to the banks under the authority of the Industry Act 1975 (Section 25).

### STATEMENT OF GUARANTEES FOR THE YEAR ENDED 31 MARCH 1988

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1987	292	808,537
Guarantees given in year 1987-88 (a)	47	77,303
Repayments in year 1987-88 (b)	40	132,262
Guarantees current on 31 March 1988	299	753,578

(a) The number of guarantees includes 28 barges and the amount of principal includes capitalisation of pre-delivery interest of £6,142,576.

(b) The number of guarantees equals the number of loans finally repaid during the year. The amount of principal represents the sum of all repayments made during the year including those fully repaid.

APPENDIX 26

## Assistance to Local Enterprise Agencies and Business Clubs

### GRANTS PAID IN 1987-88 (NORMAL)

<i>Region (a)</i>	<i>Number of agencies assisted*</i>	<i>Total payments (£'000)</i>
Northern	14	243
Yorkshire and Humberside	14 (3)	211.85
East Midlands	22 (7)	322.5
South East	33 (4)	434.795
South West	30 (8)	439.015
West Midlands	16 (4)	256.5
North West	38 (8)	574.196
London	19	232
Total	186 (34)	2,713.856

(a) By standard TC region.

\* Figures shown in brackets identify those LEAs who received both normal and rural LEAGs.

### GRANTS PAID IN 1987-88 (RURAL)

<i>Region (a)</i>	<i>Number of agencies assisted</i>	<i>Total payments (£'000)</i>
Northern	2	36
Yorkshire and Humberside	3	32.3
East Midlands	7	45
South East	4	15.355
South West	8	32.430
West Midlands	4	30
North West	8	34.65
London	nil	nil
Total	36	225.735

(a) By standard TC region.

## APPENDIX 27

**Management Education and Training**

<i>Organisation</i>	<i>Description</i>	<i>Amount (£)</i>
Understanding Industry	Contribution towards cost of running 10 residential training courses for teachers/lecturers to encourage the spirit of enterprise in schools.	50,000
Durham University Business School	Extension of a previous commitment to New Enterprise Development Project which undertakes innovative work in the field of small firm training.	40,000
University of Warwick	Extension of a previous commitment to Small Business Centre which undertakes innovative work in the field of small firm training.	25,000
Durham University Business School	Contribution towards cost of pilot project scheme of Shell Technology Enterprise Programme which gives temporary placements to undergraduates in the summer between their 2nd and 3rd year.	24,000
Business in the Community	Second phase of a pilot project involving 6 local enterprise agencies to teach small businessmen basic management skills through computer based training modules and then to help them relate those skills to their businesses by one to one counselling.	11,500
Women in Enterprise	Innovative project to develop and deliver training courses to address the specific needs of female entrepreneurs.	10,000
Institute of Marketing	Further contribution towards the cost of running seminars to educate small firms owner/managers about marketing.	8,050
Project North East	Second phase of a project to produce 'Business Opportunity Profiles' giving young people basic market information on various business ideas.	5,000
	Total	173,550

## APPENDIX 28

# Chairmen and Members of the Industrial Development Advisory Boards and Industrial Development Boards

During the year, some changes were made to the membership and chairmanship of some of the boards. The names below represent the position at 31 March 1988.

### Industrial Development Advisory Board

#### *Chairman*

Sir Ronald Halstead, CBE

#### *Members*

Dr. A. Frankel  
Mr. P. J. Grant  
Mr. E. A. B. Hammond  
Mr. J. Hewitt  
Mr. J. W. Melbourn  
Mr. H. G. Morgue  
Mr. E. Swainson, CBE  
Mr. A. E. Wheatley

### Scottish Industrial Development Advisory Board

#### *Chairman*

Sir Robert C. Smith, CBE

#### *Members*

Mr. Y. Ali, OBE  
Mr. K. Fox, OBE  
Mr. T. Johnston, OBE  
Mr. B. F. Lawson  
Mr. J. M. Little, CBE  
Mr. D. J. MacLeod, CBE  
Mr. A. Merrills, OBE  
Mr. D. M. Paterson  
Mr. J. C. Shaw  
Mr. A. K. Smith, CBE  
Mr. R. Thomson

### Welsh Industrial Development Advisory Board

#### *Chairman*

Mr. P. J. Phillips, OBE

#### *Members*

Mr. L. M. Davies, OBE, JP  
Dr. A. J. S. Folwell  
Mr. D. Jenkins  
Mr. B. S. Morris  
Mr. P. A. G. Mullins, OBE  
Mr. N. D. Penfold, MBE  
Mr. M. Wallace

### North East Industrial Development Board

#### *Chairman*

Mr. R. F. Bishop, CBE

#### *Members*

Mr. J. C. Barnsley  
Mr. E. Bostwick  
Mr. T. Burlison  
Mr. J. Creaby  
Mr. I. R. Dewhurst  
Mr. D. S. Hudson  
Dr. R. Iley  
Mr. G. A. McNichol, OBE  
Mr. P. D. Nicholson  
Mrs. J. A. Verdon, MBE

### Yorkshire and Humberside and East Midlands Industrial Development Board

#### *Chairman*

Mr. T. McDonald, OBE, FCA

#### *Members*

Mr. P. W. Barker, CBE  
Mr. P. Birch  
Mr. M. J. Davey  
Mr. E. A. K. Denison, OBE, TD  
Mr. D. W. Ford  
Prof. J. C. Higgins  
Mr. R. Illingworth  
Mr. H. S. Johnson  
Mr. R. W. Martin  
Miss. B. Paton  
Mr. L. Teeman, OBE  
Mr. D. K. Wilkinson

### South West Industrial Development Board

#### *Chairman*

Mr. K. E. Holmes

#### *Members*

Mr. E. Dancer  
Mr. A. Deardon  
Mr. P. G. Fitzgerald  
Mr. J. A. H. Gamble  
Mr. R. J. Harris  
Mr. E. G. Hoare  
Mr. M. E. Knight  
Mr. V. Parsons

### West Midlands Industrial Development Board

#### *Chairman*

Mr. E. Swainson, CBE

#### *Members*

Mr. J. Allen  
Mr. B. W. Baker  
Mr. R. S. Burman  
Mr. A. P. Cant  
Mr. D. A. Cooper-Smith  
Mr. N. Gidney, CBE  
Mr. G. R. Mackenzie  
Mr. B. Senior  
Mr. A. K. Timberlake

### North West Industrial Development Board

#### *Chairman*

Mr. G. N. Hague, OBE, FCIS

#### *Members*

Mr. J. B. Ashworth  
Mr. J. C. Dwek  
Mr. L. J. George  
Mr. J. R. Higham  
Mr. D. G. Linnell  
Mr. F. A. Russell  
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