

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 1989

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

*Ordered by The House of Commons to be printed
27th July 1989*

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HER MAJESTY'S STATIONERY OFFICE

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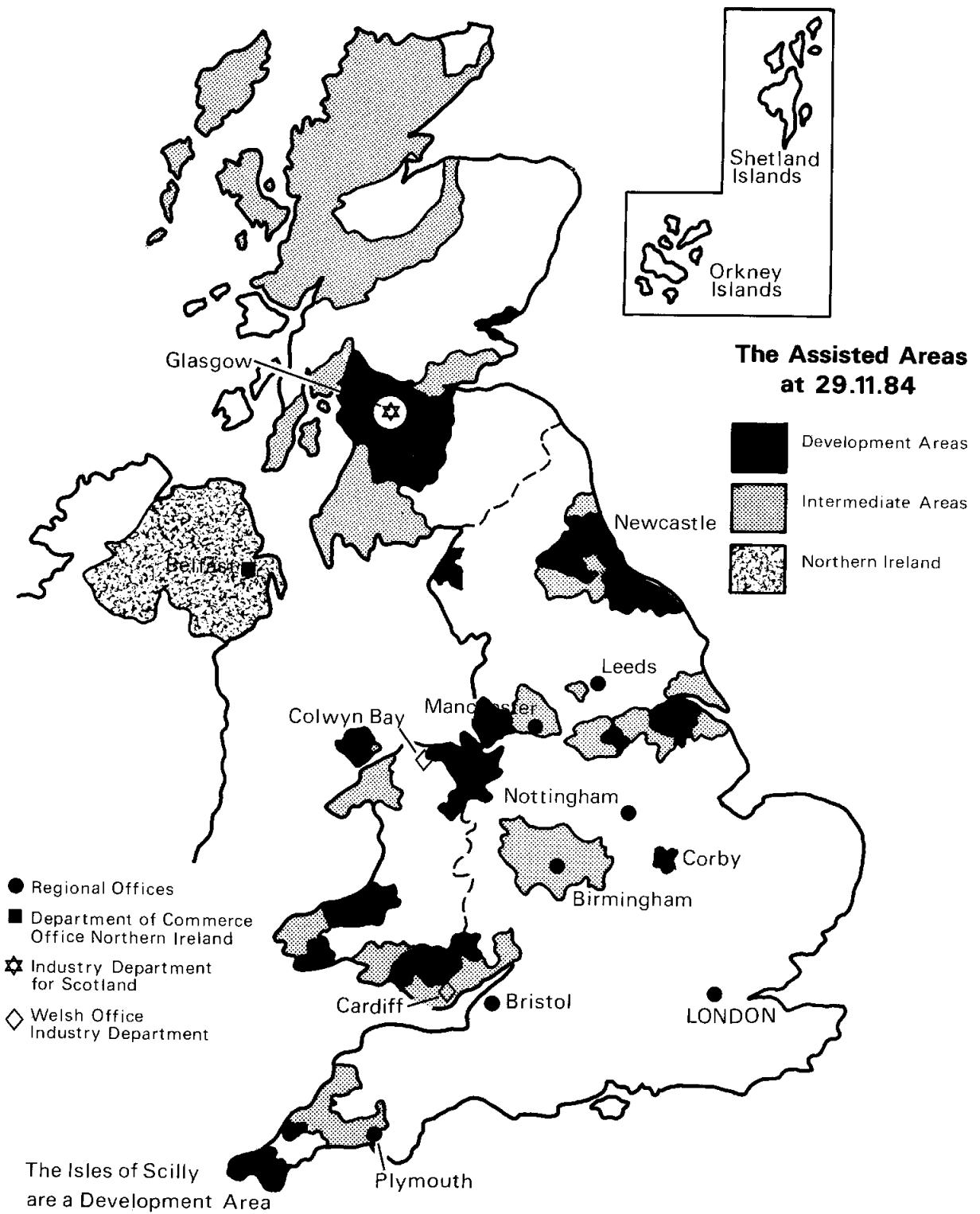
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Scotland, Wales and Employment

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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 1989, 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 regional support and goes on to describe measures of 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 1989.

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.

Regional Support

4. 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

5. After 31 March 1988 the revised Regional Development Grant scheme was closed to new applications. However expenditure on Regional Development Grants (under both the original and revised schemes) continued to provide a major element of support to industry in the Assisted Areas. Grant payments under the original scheme totalled £36.1 million in respect of England, £25.8 million in respect of Scotland and £13.6 million in respect of Wales. Under the revised scheme, some 9,850 applications totalling some £490 million of assistance were approved, involving some £490 million of forecast capital expenditure and the expected creation of 122,000 jobs. In the year, payments totalling £221.8 million were made in respect of Great Britain: £126.0 million in respect of England, £50.8 million in respect of Scotland and £45.0 million in respect of Wales. Further details are at Appendix 4.

Regional Enterprise Grants

6. Regional Enterprise Grants (REG's) are available under Section 8 of the Act. The Scheme was introduced on 1 April 1988 for businesses employing fewer than 25 people in the Development Areas of Great Britain. On 1 September 1988, the scheme was

extended to include the intermediate areas of South Yorkshire, as part of the European Regional Development's Community programme for steel areas (RESIDER). Other designated areas may become eligible for REG under RESIDER, or the parallel programme for shipbuilding areas (RENAVAL) in future.

7. The scheme is intended to improve the performance of small businesses in qualifying areas through increased investment and through the introduction of successful new products and processes leading to the increase or safeguarding of employment.

8. Assistance is available to both investment and innovation projects:

Investment Grants

Eligible activities include most manufacturing and some service sector projects. Assistance is available at 15 per cent of expenditure on eligible fixed assets in the project up to a maximum grant of £15,000. Eligible costs include plant and machinery (new or second hand), buildings, purchase of land and site preparation and vehicles used solely on site.

Innovation Grants

A grant of 50 per cent of eligible costs up to a maximum grant of £25,000 may be given to projects which lead to the development and introduction of new products and processes. Projects aimed at product development need to show an improvement or advance in the company's product range. Process development projects should demonstrate a likely significant increase in efficiency. All costs up to the point of commercial production may be assisted including capital costs directly associated with the project. The innovation criteria require that the project must be innovative to the applicant and that a degree of novelty and technical risk must be involved.

9. Service sector projects which serve only a local market (such as retailing) would not normally qualify for an investment grant although they may qualify for an innovation grant. Banks and insurance companies are not eligible, as prescribed by Section 8 of the Act. A business can receive only one investment and one innovation grant.

10. Applicants have to prove that both the business and the investment or innovation project are viable. A business statement or plan is required, showing details of the project in the context of present and future business development. The REG scheme is administered by the Department of Trade and Industry, the Industry Department for Scotland, and the Welsh Office Industry Department.

11. During the year, businesses in Great Britain submitted 2,551 applications. Offers of grant valued at £11.0 million were made in respect of 1,314 of these cases. Fuller statistical details are contained in the tables at Appendix 7.

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

12. 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 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

13. During the year, offers of grant assistance under Section 7 that were accepted by industry totalled £247.9 million divided as follows:

	<i>£ million</i>	
	Scotland	Wales
England	49.4	81.0
117.5		

Further details are at Appendix 6

European Regional Development Fund

14. 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 £26.8 million for Great Britain.

European Regional Development Fund Specific Measures

15. 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 8.

16. 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 were intended to run to 31 March 1989 or until funds are exhausted if earlier. In fact the

scheme closed for new applications at 31 December 1988.

17. 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. This scheme also closed at 31 December 1988.

18. The Business Improvement Scheme (see Appendix 8) 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. £283,000 was spent on the former in 1988-89 and £205,000 in Thanet.

Regional Loans from the European Community

Exchange Risk Guarantee Scheme

19. 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 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 of the outstanding value of the loan. The scheme applies to loans for manufacturing industry, certain service sectors, and tourism.

20. At 31 March 1989 loans totalling £840 million attracting Exchange Risk Cover had been made and cumulative losses of £71 million incurred. Further liabilities under these arrangements cannot be quantified. Further details are at Appendix 9.

21. During the year, £70 million of ECSC loans were disbursed. Approximately 95 per cent of this lending went to small firms. It is estimated that this helped to create some 6,000 jobs.

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

Improvement in Basic Services

22. During the year over 91 applications were received for grants towards improvement of basic services in the Assisted Areas. At 31 March 1989 grants totalling more than £7 million had been approved towards over 69 schemes, costing some £31 million. Further details are at Appendix 10.

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

23. 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.

24. During 1988-89 the Secretary of State provided EIEC with £6.7 million grant-in-aid to undertake its development programme in the Assisted Areas of England. The total expenditure by EIEC for the year was £57.0 million, the balance being funded by receipts from rents and sale of property.

25. In addition EIEC received £300,000 from the European Regional Development Fund towards the cost of its business advisory service for its tenants.

26. EIEC completed 655 factory units and extensions comprising some 142,439 square metres of floorspace. At 31 March a further 7,482 square metres were under construction. 1749 units were occupied by tenants or purchasers, giving another record year for lettings by EIEC. During the year EIEC sold land and 333 factory units at a value of £30.6 million. Further details are at Appendix 11.

Assistance under Section 1 of the Derelict Land Act 1982

27. During the year there were 633 applications for grant towards the acquisition, or clearance, of derelict land in England. At 31 March 1989, assistance totalling £81.1 million had been approved for 536 schemes involving 1,888 hectares. Further details are at Appendix 12.

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

28. 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 1989 are set out in paragraphs 31-35 below. Information on measures that closed for application before 31 March 1988 is set out in paragraphs 36 to 47 below (on some of which payments were outstanding at 31 March 1989).

29. Some of the investment assisted under the measures described in paragraphs 38 and 41 received assistance under the Scientific and Technology Act 1965 to the extent that the investment was associated with innovation. Expenditure under the Science and Technology Act is covered in a separate report.

30. Details of all Section 8 Measures are at Appendix 13.

Measures open for application at 31 March 1989

Assistance for Exceptional Projects

31. This 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 1989 no offers of assistance under either Act had been made; further details are at Appendix 15.

Small Firms Loan Guarantee Scheme

32. This scheme, which is administered by the Employment Department, 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 with repayment over 2 to 7 years (£100,000 from 1 April 1989). Since May 1986 the premium payable to the Department has been 2.5 per cent per annum of the outstanding balance of loans. In January 1988 simplified administration arrangements were introduced for loans up to £15,000, enabling the major participating lenders to approve loan applications themselves without first referring to the Department, which has speeded up lending decisions. In order to encourage people to establish and expand businesses in inner city areas, from 22 June 1988 the maximum guarantee was increased to 85 per cent for businesses based in, or wishing to be based in, the Inner City Task Force areas.

33. From the commencement of the Scheme in 1981 up to 31 March 1989 a cumulative total of 21,479 guarantees have been issued covering loans to a value of £707.21 million. At Appendix 16 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 in May 1986.

Assistance for the Development of Certification Schemes

34. This measure of support is designed to encourage the development of third party certification systems in line with one of the major recommendations of the White Paper on Standards, Quality and International Competitiveness (Cmd 8621). The measure was introduced in April 1983 with an allocation of £0.5 million a year. Grants up to 30 per cent (exceptionally 50 per cent) of initial deficits are available.

35. Four 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 1989, payments of grant totalling some £2.0 million had been made. Further details are at Appendix 21.

Measures closed for application before 31 March 1988 with payments outstanding

General Investment Support for Major Projects

36. General Investment Support for Major Projects closed for application on 12 January 1988. At 31 March 1989 assistance totalling £69.5 million had been offered towards 186 projects involving investment of £668.7 million. Payments of £2.1 million were made during the preceding 12 months to bring total payments to £51.5 million. Further details are at Appendix 14.

Selective Investment Scheme

37. Although no payments were made in 1988-89, residual payments are expected to be made in 1989-90 in respect of projects assisted under this Scheme. At 31 March 1989 payments of assistance totalled £97.4 million. Further details are at Appendix 23.

Microelectronics Industry Support Programme (MISP1)

38. 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 and under the Science and Technology Act 1965. At 31 March 1989, 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.

Investment Support for Microelectronics (MISP2)

39. 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 38) 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.

40. At 31 March 1989 assistance totalling £41.7 million had been offered for 110 projects costing £274 million. Further details are at Appendix 18 (this includes assistance for Gallium Arsenide projects).

Investment Support for Fibre Optics and Opto-Electronics

41. 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 1989 assistance totalling £42 million had been offered; £6 million under Section 8 with payments totalling £4.4 million. Offers under the Science and Technology Act 1965 amounted to £36 million of which £26.9 million had been paid. Further details are at Appendix 19.

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

42. Support for AMT Planning and Implementation Consultancy Studies under Section 8 of the Act closed for applications on 31 March 1988. At 31 March 1989, assistance totalling £16.8 million had been offered towards 1101 studies; a further 11 applications remained under consideration. Payments of £9.2 million had been made. Further details are at Appendix 17.

AMT Project Installation

43. Support for AMT Project Installation closed for applications on 30 June 1986. At 31 March 1989, assistance totalling £59.5 million had been offered for 341 projects costing £267.3 million. Payments totalling £41.2 million had been made. Further details are at Appendix 17.

Coal Firing Scheme

44. 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.

45. 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.

46. 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 1989, assistance totalling £50.3 million had been offered for projects costing £274.4 million. Payments totalled £45.8 million. Further details are at Appendix 22.

Quality Assurance Support Scheme

47. 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 1989, assistance totalling £4.3 million had been offered for 546 projects costing £18.9 million. Further details are at Appendix 20.

Individual Applications under Section 8

48. Cases that cannot be assisted under Assistance for Exceptional 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. Assistance for a case reported last year continued in 1988-89.

49. This was to Carnon Holdings Ltd. The project aims to secure the continuing of tin mining and employment at two mines in Cornwall. DTI loan payments in 1988-89 totalled £13.523 million, being the remainder of the £15 million loan offered in 1986, and 4.823 million of the £10 million loan offered in 1988.

50. Also, a payment of £9.5 million was made to British Aerospace in respect of expenses incurred during the acquisition of the Rover Group.

Special Assistance to Shipbuilding and Associated Industries

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 1989 has been set at 26 per cent of building cost for ships costing more than 6 million European currency units and 16 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 gener-

ally diminishes as the size and cost of ships fall, offers of assistance from the IF (Intervention Fund) 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 £51.4 million were offered to secure orders for 31 ships totalling 154,787 tonnes. Total grants offered from the inception of the Fund in February 1977 to 31 March 1989 amounted to £405.3 million covering orders for 306 ships with an aggregate tonnage of 2.4 million.

Assistance under Part III of the Industry Act 1972

The Home Credit Guarantee Scheme

54. At 31 March 1989 the total amount of principal guaranteed was £825 Million. Further details are at Appendix 25.

Assistance under Section 11 of the Industrial Development Act 1982

The Consultancy Initiatives

55. The Consultancy Initiatives are a major element of the Government's Enterprise Initiative launched on 13 January 1988. Their objective is to improve the competitiveness of small and medium-sized enterprises by improving management performance through subsidised consultancy projects in key functions (Business Planning, Design, Financial and Information Systems, Manufacturing Systems, Marketing and Quality).

56. As indicated in Cm 278 (DTI- the department for Enterprise), provision was made to support 1000 consultancy projects per month in 1988-89 and to increase the number of projects assisted over the next two years. From the start of the scheme on 13 January 1988 to 31 March 1989 a total of 23,021 applications have been received and 15,295 projects approved for assisted consultancy. Further details are given in Appendix 28. On 17 January 1989, the Secretary of State announced a higher target of 1,250 projects supported per month in 1989-90.

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

57. 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 58 to 67 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

58. New arrangements for the future of the service were announced in the White Paper 'Employment in the 1990's' published on the 5 December 1988. The Service became part of the Training Agency on 1 April 1989 and its counselling activity will in the longer term become the responsibility of local Training and Enterprise Councils. These changes will bring together training, counselling and advisory services and enable small business support services to be more closely related to local needs.

59. Previous reports explain the background to the counselling facility. During the year the number of new clients coming forward for counselling was 30,634 compared with 27,259 in 1987-88. The total number of counselling sessions for new and existing clients increased from 39,138 in 1987-88 to 43,029.

60. Each client's 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.

61. Small Firms Service counsellors are employed on a yearly basis. At 31 March 1989 336 counsellors were under contract to the Employment Department, compared with 329 at 31 March 1988.

62. Counsellors are paid a fee of £50 per day for their services, plus travelling expenses. The Counselling Advisers, who co-ordinate each Regional team, are paid £81 per day. Counselling Co-ordinators who draw together the advisory work in sub-regions, are paid £66 per day.

63. The overall cost of the Small Firms Service for the year 1988-89 was £6.9 million excluding accommodation costs. This covered the counselling service described above and also a comprehensive enquiry service which handled over 281,459 enquiries from small businesses during the year.

Assistance to Local Enterprise Agencies

64. The Local Enterprise Agency Grant Scheme (LEAGS) 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 show potential long-term viability. £2.115 million was allocated to the scheme for the financial year 1988-89; details of payment made are at Appendix 26.

65. In recognition of the need to strengthen local

enterprise agencies in the Inner Cities, provision was made within a £600,000 fund for grants to be paid for agency projects which involved advising Inner City residents on self-employment and running a small business. This grant scheme is expected to run until March 1991. Details of payments made to advice related projects are at Appendix 26.

66. Financial support was again given to Business in the Community (BiC) to assist with the costs of local enterprise agency personnel attending courses, run mainly by the Durham University Business School and the Industrial Society, and with the costs of publicity and promotion literature. £180,000 was allocated for these purposes during 1988-89.

Management Education and Training

67. During the year the Department of Employment paid grants totalling £153,044.04 to 10 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 1988-89

Inward Investment

68. 1988-89 was another very full year for the promotional activities of the Invest in Britain Bureau. In the year ending March 1989 they included 55 separate events (5 inward missions, 16 seminars/presentations and 34 other promotional events).

69. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the UK in 1988-89, 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 1988, however, the Invest in Britain Bureau recorded a total of 330 decisions to invest or expand investment in the UK creating in the long term 26,546 jobs and safeguarding 18,116 others.

70. 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 1989 offers of £139.5 million were made under Section 7 to such companies for 91 projects estimated to cost £1,996 million. These projects are expected by applicants to create 13,274 jobs and safeguard 5,086 others.

Publication of Assistance Offered

71. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1989 were published in British Business on 2 September and 9 December 1988 and 3 March and 31 March and 30 June 1989. In accordance with previous arrangements publication was

limited to offers of grants of £5000 or more.

72. Similarly details of offers of Section 8 assistance of £5000 or more were published in *British Business* on 29 July and 4 November 1988 and 3 February and 28 April 1989.

73. Details of payments of Regional Development Grants above certain thresholds (under the original scheme, individual payments which exceed £25,000 and under the revised scheme, payments to individual undertakings in a Travel-to-Work Area which cumulatively exceed £25,000 in any one quarter) were published in *British Business* on 5 August and 2 December 1988, and 17 February and 26 May 1989.

Industrial Development Advisory Boards and Industrial Development Boards

The Industrial Development Advisory Board continued to advise the Secretary of State on the exercise of his powers under Section 7 and 8 of the Industrial Development Act 1982.

The Statutory Scottish and Welsh Industrial Development Advisory Boards and the non-statutory Industrial Development Boards in those English regions with substantial Assisted Areas continued to advise their respective Secretaries of State on applications for selective financial assistance and on industrial opportunities in their countries and regions. Lists of the Chairmen and Board members are at Appendix 29. Commentaries by each of the boards follows.

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 twelve applications for assistance.

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

The Board considered one application under the Coal Firing Scheme. It was considered not to meet the criteria and assistance was, therefore, not recommended.

At Ministers' request, the Board also advised on major Support for Innovation applications for assist-

ance under the Science and Technology Act 1965. Three applications were considered during the year. The Board found that these applications all met the relevant criteria and recommended assistance.

Members of the Board undertook a visit to the West Midlands in November. Visits to a number of companies and the Black Country Development Corporation were arranged. Whilst in the area, the Board took the opportunity to hold discussions with the West Midlands Industrial Development Board. The Board was impressed by the growing optimism in the outlook for business in the West Midlands which is also shown in the report below by the local Board.

The Board was pleased to welcome the Chancellor of the Duchy of Lancaster, Chairmen of the Regional Industrial Development Boards and Regional Directors to a lunch and meeting in February. Board members were grateful for the opportunity to discuss their work with the Chancellor and appreciated the advice and guidance which he gave them. It was also helpful for the Board to have an extended discussion with the Chairmen of the Boards for the English regions.

The commentaries below by the Boards for the English regions set out the improvement in the general economic climate during the year which was reflected in falls in unemployment levels throughout the Assisted Areas. Although the Board advised on fewer Section 7 applications than previously, among the projects considered were some very significant inward investment projects which will have a substantial impact in the longer term both nationally and in the regions in which they will be located.

During the year one member, Mr E Swainson, retired from the Board and two members, Mr P Benton and Mr L Weaver, were appointed.

SIR RONALD HALSTEAD CBE
Chairman

Scottish Industrial Development Advisory Board

Industrial/Economic Background

By the end of 1987 the Scottish economy was growing rapidly and advances in output continued into 1988. All the available indicators suggest that last year the Scottish economy experienced rapid and widespread growth — manufacturing, construction and services all took major strides forward. The latest figures show that industrial production and construction output in the first half of 1988 was some 7.5 per cent up on a year earlier, and recent business survey evidence suggests that manufacturing and construction output continued to rise strongly in the remainder of 1988 and into 1989.

One encouraging feature has been the substantial fall in unemployment in Scotland over the past two years. During 1988 seasonally adjusted unemployment fell by over 42,000, the largest fall for 15 years.

This falling trend has continued into 1989 and currently unemployment is at its lowest level for some seven and a half years. Over the year to January 1989 the seasonally adjusted unemployment rate in Scotland has fallen by 1.7 percentage points compared with a UK fall of 1.9 percentage points over the same period.

Over the longer term, there has been a substantial shift towards new high technology industries, particularly electronics. By 1987 the electronics industry provided 42,800 jobs and since 1979 had increased output by over 200 per cent. New manufacturing plants set up in Scotland since the beginning of 1979 currently employ just under 46,000 people of which 8,700 are in electronics.

Manufacturing investment intentions remain strong. In the face of healthy demand for their products and services, Scottish manufacturing companies expect to embark on a substantial increase in investment both to expand capacity and to boost productivity still further. Scottish manufacturing productivity performance in the year to June 1988 compared with the previous 12 months was up by some 9 per cent, 2 percentage points higher than the UK increase.

Regional Assistance

From April 1988, Regional Selective Assistance (RSA) became the main vehicle of regional assistance for new projects. During 1988-89 just over 250 applications for RSA were received. In the same period, 194 offers of assistance were accepted by companies in Scotland. These offers, worth in total over £49 million, are associated with planned expenditure by companies of around £530 million and with the creation or safeguarding of some 11,600 jobs. The take-up of the RSA scheme is expected to increase in 1989-90 as the closure of the Regional Development Grant (RDG) scheme leads firms to apply for RSA to a greater extent than hitherto.

Regional Selective Assistance was instrumental in securing a number of major projects in 1988-89. GPT at Kirkcaldy have been offered £1 million towards a project which will provide and safeguard over 680 jobs, and 157 jobs in Dundee and 122 in Glenrothes will result from offers of grant to Shield Diagnostic and Beckman Industrial respectively.

Inward Investment

As in earlier years, offers of RSA to overseas-owned companies continued to account for a significant share of the total grants awarded. In 1988-89 27 per cent by value and 12 per cent by number of all offers accepted were to companies in overseas-ownership. These acceptances accounted for 26 per cent of the associated job creation. The associated projects included the decision by the American-based electronics company Sun Microsystems Inc to build its first plant in the UK in Linlithgow. This plant is expected initially to bring 300 new jobs to Scotland. In addition the America-based company EECO Ltd accepted RSA to-

wards building a new electronics plant at Irvine which is also expected to create 300 jobs.

Enterprise Initiative

In January 1988 the Government announced changes to and an expansion of assistance to industry under the heading 'Enterprise Initiative'. The major impact for regional policy was that all schemes of regional assistance became selective following the decision that the economic climate no longer justified automatic grants and that selective assistance was more cost effective. The revised Regional Development Grant (RDGII) scheme therefore closed to applications on 31 March 1988. The announcement of the impending closure of the scheme led, however, to a surge in the level of applications and in the 3 months to end-March, more applications were received than in the whole of the previous twelve months. Approvals linked to these applications continued to be made throughout 1988-89 and by 31 March 1989 all had been considered and in the vast majority of cases processing had been completed. Expenditure against these and earlier approvals is expected to continue well into the 1990s. Expenditure in the original Regional Development Grant (RDGI) scheme is expected to fall from around £26 million in 1988-89 to less than £10 million in 1990-91. Expenditure on RDG2, however, is expected to remain close to £50 million in 1989-90 before falling back in the following year. Additionally, the new Regional Enterprise Grant (REG) scheme was introduced on 1 April 1988 for companies with under 25 employees located in Development Areas. The object of this streamlined scheme is to promote wealth creation among small businesses in Development Areas by assisting with innovation and investment projects which may have proved difficult to fund. Demand for the new grants has been affected by the surge in applications for RDG prior to the closing of the scheme. As the effect of this declines, it is anticipated that demand for both RSA and REG will increase.

During 1988-89 478 applications for REG were received in respect of both investment and innovation projects. Offers of assistance were accepted to a value of around £1.0 million for investment projects and £0.7 million for innovation projects.

European Schemes

The Government continued to offer Exchange Risk Guarantee (ERG) on European Coal and Steel Community loans up to £500,000. During the financial year 1988-89 64 offers of ERG were made on loans with a total value of £13.6 million.

The Better Business Services (BBS), Better Technical Services (BTS), and Government Assistance Promoters (GAP) schemes, previously administered by the Scottish Office and funded through the European Regional Development Fund (ERDF), were withdrawn on 1 April 1988, although BBS continued to be provided through the agency of the SDA and HIDB, since many of the services provided under the schemes were included in the more comprehensive

range of advisory services of the Enterprise Initiative. During the financial year some £3.2 million was paid in grant on BBS and BTS applications received prior to 1 April 1988, with a further £0.4 million paid to the SDA and HIDB in respect of the transition arrangements.

Late in 1987, the Scottish Office was successful in assisting the Strathclyde Business Innovation Centre (BIC) to secure funding under Article 15 of the European Regional Development Fund. A total of £1.2 million was awarded to support the work of the BIC over 3 years. The Innovation Centre, the only one of its kind in Scotland, is located in Glasgow and seeks to develop and promote economic growth through stimulating innovation in small and medium sized companies in Strathclyde.

Board Membership

During the year Sir Robert Smith, a member of SIDAB since its formation in 1972, and Chairman since 1982 retired from the Board. Members have recorded their deep appreciation of the valuable contribution he had made to the work of the Board over the years. He was succeeded as Chairman by Mr D J MacLeod CBE, Managing Partner of Ernst & Whinney, Glasgow. Sir Robert Smith was replaced as member by Mr J J G Good, of Robertson & Baxter Ltd. Mr A Merrills OBE, Chairman of Ireland Alloys (Holdings) Ltd, and Mr K Fox OBE, Chairman and Managing Director of Blackwood Bros Ltd, were both re-appointed. In the course of the year Mr R Thomson resigned and has been replaced by Mr B Fox of MSF and Mr B Lawson resigned after 3 years membership of the Board following his move to Liverpool and his appointment to the North West Industrial Development Board.

D J MACLEOD, CBE
Chairman

Welsh Industrial Development Advisory Board

Industrial/Economic Background

In Wales 1988 was year of major gains; for industry, for jobs and for confidence in a strengthening and growing economy. This confidence extends well beyond Wales itself, to include major international corporations whose markets are worldwide and time horizons extend into the 1990s and beyond.

The former dominance of the two traditional industries of coal and steel within the economy of Wales has given way to a modern and diversified industrial base. This has been enhanced by a substantial programme of environmental improvements and urban renewal, and the continuing availability of regional aid. As a result, Wales is now perceived as an increasingly attractive location for inward investment across the whole industrial and commercial spectrum, including those firms which are facing growing congestion and other problems in the more prosperous area. This has been demonstrated by a

surge of investment not only by manufacturing firms seeking a more supportive industrial environment but also, and importantly, by financial services companies such as the TSB Trust Company, the National Provident Institution and Rothschilds.

Improvements in the past year are evidenced by increased investment, substantially increased manufacturing output, growth in manufacturing jobs and by sharp falls in the level of unemployment.

During 1988 manufacturing output increased significantly, by 12 per cent and is now 40 per cent greater than in 1985. Increased output during 1988 was spread widely with good results in more traditional industries such as furniture manufacturing, mechanical engineering, metal goods and food processing, as well as in the electronic and instrument engineering industries. Rapidly expanding output meant increased demand for labour, and over the year there was a net increase of 10,000 manufacturing jobs. Looking over a longer period, from 1985, expanding and new firms added over 40,000 jobs. Many of these were at new factories which have opened since 1980, but over a quarter were at plants which have been in production in Wales for at least 20 years. These results illustrate the significance of policies which encourage indigenous growth and diversification as well as encouraging new investment from outside Wales.

Despite these successes the need for substantial numbers of new jobs remain as important as ever. Though unemployment has fallen sharply it is still above the national average and job losses from structural changes in the coal and steel industries continue to cast their shadow over industrial regeneration. Though no longer dominant employers, these 2 industries are expected to shed more than 2,000 jobs over the coming year. With the increased competition for mobile projects in the build up to 1992 an even greater emphasis will need to be placed upon securing investments intended to serve European and worldwide markets.

WINvest (since renamed Welsh Development International)

This has proved to be a record year for WINvest in terms of employment and capital investment. Fifty projects were undertaken by overseas companies of which 27 were new investments — 11 from North America, 12 from Europe and 4 from the Far East — involving nearly 5000 jobs and capital investment of over £900 million. Expansion by existing foreign-owned operations should create and safeguard a further 1600 jobs and involve capital investment of over £90 million. Including acquisitions and joint ventures, the total number of jobs to be created and safeguarded by the 50 projects will be over 6,800 and is associated with capital investment of some £1,000 million.

In addition WINvest has been extremely active in attracting UK-company projects. Forty-five new investments have been secured together with 3

expansions and acquisitions. These projects involve a further 5,830 jobs and over £110 million of capital investment.

Welsh Development Agency

The availability of suitable factory accommodation is an important ingredient in Wales' ability to attract new projects and we are pleased to note that this year the WDA expect to let 2.4 million square feet of floor space, equalling the record level achieved in 1987-88. Over the next 3 years, a further 6.5 million square feet is to be developed some of it in partnership with the private sector — sufficient to accommodate 20,000 jobs in addition to those associated with the letting of the Agency's existing stock.

Regional Assistance

During 1988-89, applications for Regional Selective Assistance were received in respect of 267 projects and 178 offers of assistance with a value of £81 million were accepted by companies. These projects are expected to create 11,800 new jobs and safeguard a further 3,000. Although to some extent these figures are distorted by one or two especially high offer values, they are nonetheless most encouraging. The number of accepted offers increased by 28 per cent as compared to the previous year, and the number of new jobs forecast rose by no less than 35 per cent.

These projects include a number which are of particular significance. Ford Motor Company is to invest over £600 million in the Zeta car engine development at Bridgend; this represents the largest single investment ever undertaken by any manufacturer in the British motor industry. Also in the motor components sector Robert Bosch GMBH has recently announced its decision to establish a plant for the manufacture of compact alternators at Miskin in South Glamorgan. This project is expected directly to create over 1200 new jobs plus the prospect of a substantial number of spin-off jobs resulting from the company's commitment to source a high proportion of components in the UK. Bluebird Toys expect to create some 400 jobs at a new assembly facility at Merthyr Tydfil and, in the commercial sector, National Provident Institution is expanding its life assurance and pensions business with the setting up of an operation in Cardiff involving the creation of some 500 jobs.

Exchange risk cover was provided on loans of some £6 million from the European Coal and Steel Community. The revised Regional Development Grant scheme closed to fresh applications on 31 March 1988, but a surge of applications was received before the closing date and 1,328 projects were approved during 1988-89 with a total grant value of £90.2 million.

The Business Improvement Service package of schemes terminated on 31 March 1989 with 1,421 offers of grant totalling over £3.3 million being made in 1988-89. Overall the scheme has proved very successful, with offers of over £10 million, being made from the launch of the scheme in December 1984.

The Enterprise Initiative

The Regional Enterprise Grant Scheme for small firms employing less than 25 in DAs was launched in April 1988 as part of the Enterprise Initiative designed specifically to encourage investment and the development of new products and processes. A slow start gave way to a steady upward trend and the year ended within the region of 450 applications being submitted for a variety of investment and innovation projects. Over 25 per cent of the applications were start-ups.

The Board was pleased to note the success of the new consultancy initiatives in Wales following their introduction in 1988. No less than 1,380 companies sought to take advantage of these initiatives during 1988-89.

Board Membership

During the year, Mr Ben Morris retired from the Board after 3 years of service. His valuable contribution is gratefully acknowledged. In his place the Secretary of State appointed Mr Keith Hodge, Corporate Director of Barclay's Bank PLC.

P J PHILLIPS OBE
Chairman

North East Industrial Development Board

Industry in the Region

During the year business confidence remained buoyant, with a general picture of continuing profitability, good prospects for future orders and high capacity working. However, as the year progressed, there was some concern over increasing interest rates, particularly among the more vulnerable small firms in the Region. Nevertheless, investment intentions were high, with most industries sharing in the upturn in the regional economy.

The situation in the offshore industry continued to be encouraging, with several large orders won by companies in the Region though in common with the industry elsewhere in the UK there is some overcapacity. There was also a high level of activity and optimism in the construction industry although there were some reports of structural steel shortages as steel fabricators struggled to meet increased market demand. The steel industry continued its recovery, with regional steel plants contributing significantly to British Steel's record profits during the year. The British Steel operations in Cleveland are now among the most efficient and productive in the world. Productivity gains continued in the North East coalfield, contributing significantly to British Coal's best financial performance for 20 years. The chemical industry also continued to perform well. In the shipbuilding industry, conditions remained difficult in the face of world-wide over capacity. The Region suffered a considerable blow with the announce-

ment in December of the closure of North East Shipbuilders in Sunderland, with the loss of over 2,000 jobs. Consequently, in January the Government announced a £45 million package of aid, including an Enterprise Zone, to assist the regeneration of the Sunderland area. The Wearside Opportunity, a private sector-led initiative to bring together the Sunderland community, was launched in January. This, with the other follow up bodies to the CBI's Initiatives Beyond Charity approach, the Newcastle Initiative and Teesside Tomorrow Team are encouraging development.

Export activity remained generally high, with an encouraging response to the Single European Market Campaign in the Region. However, the continuing strength of the pound led to difficult conditions in some export markets, particularly the USA. The call on DTI export services continues to remain strong with a steady demand from small companies. There is an increasing awareness that the Single European Market in 1992 also means planning to defend home markets and that this needs specific action by all sizes and kinds of business.

The growth of the regional economy has led to a shortage of available factory space, in excess of the provision available from English Estates. There are some signs of private sector development interest in the most promising areas but it seems imperative that Government recognises the need for a gradual and measured move away from Government backed investment towards private sector investment in the provision of factory space. There was upward pressure on wages, with settlements in general slightly above the rate of inflation, but with increases largely financed through continuing productivity gains. Some skill shortages continued but most labour supply problems were not as acute as in some other parts of the UK.

Inward Investment

Inward investment enquiries increased from 252 to 424 (up 68 per cent) with visits increasing from 93 to 124 (up 27 per cent) compared with the same period last year. Skill shortages and other problems in the South East leading to an increased interest in relocating or expanding in the Region have pushed up UK enquiries to account for 63 per cent of total enquiries and 50 per cent of visits. The Region, however, needs to increase its stock of good quality executive housing if industry is to be attracted on a large scale. There have been 11 definite UK decisions to locate in the North East — the largest being Frame Clothing who will manufacture Mr Harry suits, creating 400 jobs in Hartlepool.

The Far East continues to be a major source of overseas enquiries, predominantly from Japan, but with increasing interest from South Korea and Taiwan. The most exciting development was Fujitsu's decision to establish its principal European semiconductor plant at Newton Aycliffe where at least 1500 jobs are expected to be created. This is unquestionably the most important project to be se-

cured for the North East since Nissan, given the indirect benefits which should accrue to the Region from the establishment of such a large advanced technology plant. Nissan also decided temporarily to locate its European Technology Centre in Sunderland with the prospect of 200 jobs. Tokyo Yogyo established a custom built refractories plant at Chilton, Co Durham. Gold Star, the second South Korean company to locate in the North East, has already started work on its factory at South Shields to manufacture consumer electronics creating over 300 jobs. The first Australian company in ten years, Glideroll, confirmed its intention to locate in Peterlee to produce industrial doors.

Enquiries from the USA are showing signs of revival in the light of the Single European Market in 1992.

Half the inward visits from Europe have been from West Germany, the largest European investor in the UK. BHK, TRW-Repa and Ausberg announced projects totalling over 300 jobs. Scandinavian investment created 150 jobs. Altogether, during the year, 24 UK and foreign companies decided to locate in the North East with the expected creation of 4,200 jobs.

Unemployment

In the more buoyant regional economy, unemployment continued to fall to its lowest level for many years. In March 1989, 142,076 people or 12.9 per cent of the workforce were claiming benefit in the North East, compared with a national rate of 6.6 per cent. This represents a fall of 32,316 on the figures for the corresponding month in 1988 when 15.9 per cent of the workforce were claiming benefit compared to a national rate of 9.1 per cent. The number of declared redundancies has fallen consistently for the past 7 years and the annual total for 1988 was 10,143 which was 21 per cent down on 1987. Despite these encouraging trends, the Region still had the highest unemployment rate in Great Britain, with major unemployment black spots being South Tyneside 17.9 per cent (March 1988 22.0 per cent), Hartlepool 15.7 per cent (20.2 per cent), Middlesbrough 14.9 per cent (19.0 per cent) and Sunderland 15.1 per cent (18.2 per cent). The figure for Sunderland does not fully reflect the effects of the closure of the Wear Shipyards. There remains an urgent need for the training and re-training of both the unemployed and employed workforce to meet changing industrial needs.

A new British Shipbuilders subsidiary was formed in Sunderland to provide counselling and re-training for redundant shipyard workers. Stronger links are also being forged between industry and regional academic institutions.

Regional Financial Assistance

(a) Regional Development Grants (RDG)

Grant payments under the original Regional Development Grants (RDGI) scheme, which ended on 28 November 1984, at £28.2 million show a small rise from the financial year 1987-88 level of £27.3 million.

Under the revised scheme (RDGII) which closed to new applications after 31 March 1988, payments totalling £50.5 million have been made during the financial year 1988-89. These payments show an increase of £20.2 million (67 per cent) over the comparable 1987-88 figure. Payments to the manufacturing sector which make up over 85 per cent of the total number of applicants under the scheme amounted to £47.1 million, the balance of £3.4 million was paid to those businesses which qualify under the tertiary sector.

(b) Regional Selective Assistance (RSA)

During the year 198 offers of RSA to the value of £44.3 million were made towards project costs amounting to £740.6 million. These projects are expected to generate 5754 new jobs and safeguard 229 others. The number of offers made was less than in the previous year due largely to the surge of RDGII applications in the early part of the year. The level of planned investment, however, was encouragingly high.

Projects supported covered a broad range of sectors including some 10 per cent in the professional, technical and commercial services. Printing, plastics, electrical, metal and engineering industries were well represented.

(c) Business Improvement Services (BIS)

The 31 December 1988 was the closing date for formal submission of BIS applications and up to that point applications for the financial year totalled 299. A total of 254 small firms were offered grants during the year amounting to £1.3 million. The consultancy sector grants have continued to be the most popular with 180 firms receiving offers valued at around £215,000. New product/process feasibility grants totalling £495,000 were also offered to 42 small firms and capital investment projects involving 35 small firms attracted grant offers totalling £261,000.

(d) Enterprise Initiative Schemes

Enquiries and applications for the Regional Enterprise Grants (REG) and the consultancy initiative continue to grow. 560 REG applications were received, 424 in respect of investment and 136 for innovation. £2.538 million was offered (investment £1.5 million, innovation £1.0 million). The total amount paid to date on applications so far received totals £265,000 (investment £233,000, innovation £32,000). Take up of REG was originally slow but increased towards the end of the year.

The consultancy initiative still continues to grow. From 1 April 1988, 5,911 enquiries and 1,005 applications had been received for the consultancies currently available.

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 ac-

tivity and success. The City Action Team in Tyne and Wear and the Cleveland Coordinating Team have effectively coordinated the activities and spend of Government and, through the Inner Cities 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.

Encouraging Trends

The Board welcomes the emergence of some encouraging trends in the Region. Graduate and undergraduate placement programmes are gathering momentum and there has been a noticeable willingness within industry to investigate and adopt management best practice as demonstrated by the response to the first event organised under the Department's Managing into the 90s programme. Sunderland seems to be responding to the challenge of technology having recently staged a successful international AMT Conference and by planning to provide a new home for the Regional Technology Centre.

Board Membership

During the year, Mr G A McNichol, Mr J Creaby and Mr D S Hudson retired from the Board. We wish them well and pay tribute to their valued service. We warmly welcome three new members to the Board, Dr R Hawley, Mr R A N McKechnie and Mr D R C Kelly.

R F BISHOP CBE
Chairman

Yorkshire and Humberside and East Midlands Industrial Development Board

Yorkshire and Humberside Region

General

During the year economic growth continued at an impressive rate in most parts of the Yorkshire and Humberside region although there were signs of a slowing down towards the end of the year. Some of the larger manufacturing companies in the region rationalised and restructured their operations during the year thereby achieving significant increases in profitability and productivity. Most companies were working close to full capacity with skill shortages widely reported and companies concerned that even the basic skills were lacking and apparently not being taught before people looked for work. High wages rates have been offered for those employees whose skills were in demand. At the same time, there has been a welcome growth in employment in the service sector notably in financial services which are mainly based in the larger cities. This, in turn

has led to considerable increases in rental levels asked for prime city centre locations. Enterprise activity remained high throughout the region and there was no lack of people seeking help and advice on getting their own business started.

Unfortunately, not all parts of the region's diverse economy shared equally in this growing prosperity. For example, heavy redundancies occurred in the mining industry due to the ongoing programme of rationalisation by British Coal who are closing their older and less profitable pits. Firms supplying the mining industry consequently lost a good deal of business. This added to the problems facing parts of South and West Yorkshire, but even in the worst affected areas overall unemployment fell. The agricultural industry, a key sector in Yorkshire and Humberside, was increasingly affected by poor returns, high interest rates and environment pressures. And this had adverse repercussions in the agriculture-related industries eg tractors. More encouragingly, companies in the steel and engineering industries have been reporting favourable trading results. Most companies in the wool textile industry in West Yorkshire also had a good year but results from the textile sector generally were uneven. Those supplying niche markets have done well but others, including knitwear producers supplying bulk markets, faced severe problems. A further success story last year was construction which benefited particularly from the strong demand for retail, housing and office accommodation in the region.

Although some companies were very successful in overseas markets, many find difficulty in trading at the prevailing exchange rate. Market share in most cases has been held but often at the expense of narrower profit margins. There was also some evidence towards the end of the year of a downturn in export orders.

In summary, the year has been a continuation of the upturn in most areas of the regional economy with output and sales at high levels. Growth is expected to continue next year but not at last year's rate.

Unemployment

In line with national trends, unemployment in the region fell during the period from 10.6% in March 1988 to 8.1% in March 1989. This is obviously very welcome but it does mask substantial variations within the region. For example, unemployment in the Scunthorpe TTWA, a Development Area, was down to 9.9% in March 1989 but in the Rotherham and Mexborough TTWA, which has similar status, it was 15.3%, the highest in the region. Unemployment in South Yorkshire, particularly in the Doncaster, Barnsley and Rotherham and Mexborough TTWAs remains significantly above the regional average and continues to give concern. Unemployment still remains high amongst ethnic minorities in the inner city areas of Leeds, Bradford and Sheffield.

Government Assistance

During 1988-1989, 241 applications for Regional Selective Assistance were appraised and 174 offers of grant made, compared with 165 offers in the previous year. The value of the grants offered totalled £27.2 million (£9.1 million in 1987-88) in support of projects involving capital expenditure of £289 million (£113 million) which were expected to create or safeguard 7,038 jobs (4,242).

Fifty-six per cent of the offers related to applications for grants of £25,000 and below. It is pleasing to see smaller firms being encouraged to apply for Regional Selective Assistance by the simplified procedure introduced in 1987 for such applications.

The distribution of assistance across the region shows that grants were offered on 48 projects in West Yorkshire (Bradford Travel-To-Work Area), 74 projects in South Yorkshire, 51 projects in Humberside and one in North Yorkshire (Whitby Travel-To-Work Area).

South Yorkshire in particular, has been successful in attracting investment projects. Major assisted projects include an expansion by the West German vehicle clutch manufacturer Luk-Laycock to new premises in Rotherham creating 70 new jobs and safeguarding a further 130. Swinton-based electrical goods manufacturer Morphy Richards are to expand, creating 214 additional jobs and safeguarding 644. In Sheffield the building of a new factory to produce chilled foods by Northern Foods will provide 405 new jobs. PIC Toys are also to concentrate and expand their operations in the centre of Sheffield and over 100 new jobs will be created together with another 32 safeguarded. An expansion project by Danum Windows at Doncaster should create 115 new jobs.

Monitoring of projects supported by Regional Selective Assistance shows that 116 projects were completed within the year, realising 2,724 jobs created or safeguarded compared with 3,645 forecast. 10 projects were reduced in scale but realised 403 jobs created or safeguarded compared with 789 jobs forecast.

In the year, approval for grant under the revised Regional Development Grant scheme, which closed to new applications from 31 March 1988, was given to 533 projects with a total expected grant value of £26.5 million.

On 1 April 1988, the Regional Enterprise Grant scheme was introduced under Section 8 of the Industrial Development Act 1982, for undertakings or groups employing fewer than 25 people worldwide. The scheme originally applied only to projects in Development Areas (Whitby, Scunthorpe and Rotherham/Mexborough Travel-To-Work Areas), but in September 1988 it was extended to cover the remainder of South Yorkshire. The scheme covers both Investment and Innovation projects and in the year under review 118 offers of grant totalling £948,786 were made for Investment projects and 28 offers of grant totalling £631,277 were made for Innovation projects.

East Midlands Region

General

Business growth in the East Midlands has been steady throughout the year, though with some leveling-off from a high point in mid-1988. Many firms are working at 80% capacity or more and expect to increase or maintain their workforce levels. Export performance generally has been buoyant, but the two negative factors most frequently quoted by businesses in the region are high interest and exchange rates. The markets of greatest interest in the last year have been Spain and Portugal, with continuing levels of high activity in other EC markets and in the Middle East.

The more southerly counties in the region (Northamptonshire and Leicestershire) are booming, with earnings increasing rapidly as shortages of skilled labour lead to reports of poaching among employers competing for the same workforce. Skill shortages are apparent across the region in such diverse fields as engineering, electrical contracting, textiles, health service work, footwear and town planning and companies are coming to appreciate the increasing importance of training. The forthcoming shortage of young people on the labour market as well as the difficulty of attracting them to the textiles/clothing/footwear sector necessitates a readiness on the part of employers to re-train older people and to attract more women into the workforce.

A dearth of office space, particularly in Leicestershire and Lincolnshire, is having a braking effect on the number of new jobs created. All five counties, however, report increasing numbers of businesses entering the region, either on relocation or as business start-ups.

Against this optimistic background, large scale redundancies in coal mining, and to a lesser extent in the engineering, knitwear and clothing industries, strike a harsh note. A further programme of rationalisation on the part of British Coal has meant the loss of well over 3,000 jobs in the Nottinghamshire and Derbyshire coalfields since 1 January 1989, and the threat of closure remains over seven pits. 1,500 mining jobs in Leicestershire are expected to be lost in the near future. Redundancies in the textile and clothing industry are numbered in hundreds rather than thousands, but they too are having a dampening effect on the local economy and where they occur in mining localities, contribute to unemployment levels well above the national average. Unemployment remains high in the disadvantaged inner city areas of Nottingham, Leicester and Derby, particularly amongst the ethnic communities.

Unemployment

Unemployment in the region has fallen over the past year. In March 1989 the unemployment rate was 7.1 per cent compared with 8.4 per cent in March 1988. There are, however, wide differences within the region – for example, Kettering in Northamptonshire had unemployment running at only 3.3 per cent in

March 1989, while the comparable figure for Skegness on the Lincolnshire coast was 16.9 per cent. The unemployment rate in the Corby Development Area for the same month was 7.8 per cent (10.9 per cent in March 1988) compared with a rate for Great Britain of 7.7 per cent (10.3 per cent). The unemployment rate for the non-Assisted Mansfield Travel-To-Work Area remained well above the national average throughout the year.

Government Assistance

In the year ended March 1989, 24 offers (42 in 1987–88) of assistance under Section 7 of the Industrial Development Act 1982 were made for projects costing £20.8 million (£23.2 million in 1987–88). Grants offered totalled £1.05 million (£1.4 million) and it is expected that 472 (1,057) jobs will be created/safeguarded as a result. The number of RSA applications has decreased over the previous year. This is seen as a reflection of the generally increasing prosperity and commercial attractiveness of Corby and the ending of the RDG II scheme which brought forward a large number of projects under that scheme. The new Regional Enterprise Grant scheme also attracted small projects which might otherwise have sought RSA (see below).

Fourteen RSA projects were completed during the year. These created 185 jobs, compared with forecasts of 173. Five projects terminated before completion.

In 1988–89 approval for grant under the revised Regional Development Grant scheme (closed to new applicants after 31 March 1988) was given to 172 projects with a total expected grant of £15.2 million. It is expected, however, that probably only about half of those projects will be carried out as approved.

The new Regional Enterprise Grant scheme, covering both Investment and Innovation projects, was introduced for firms employing less than 25 in the Development Areas only from 1 April 1988. This was extended to the RESIDER area of South Yorkshire, including that part of Sheffield Travel-To-Work Area which comes within the East Midlands, in September 1988. During 1988–89 34 (Investment) and 5 (Innovation) offers of assistance under Section 8 of the Industrial Development Act 1982 were made for projects costing £2.7 million (Investment) and £311,145 (Innovation). Grants offered totalled £299,025 (Investment) and £113,000 (Innovation).

Changes in Membership

During the year Mr Ford, Mr Batley and Mr Martin resigned from the Board and Mr Illingworth retired. The Board wishes to express its gratitude to these members for their valuable contributions.

Three new members, Mr Lee, Mr Spencer and Mr Wilbraham were appointed to the Board.

T MCDONALD OBE FCA
Chairman

South West Industrial Development Board

General

Over the years in which the Board has commented on economic activity within the Assisted Areas of the South West Region, it has frequently made the point that in the far South West peripherality from major centres has inhibited indigenous growth. With the advent of the Single European Market the Board has reassessed the position of the South West, particularly its ability to grasp the opportunities offered and to tackle the threats posed by Community wide competition.

Though there has been an encouraging diversification of the economic base, especially in the Forest of Dean, and early signs of a recovery in the tin mining industry, Devon and Cornwall in particular are still heavily reliant on agriculture, tourism and the public sector. The problems of agriculture are well known. Though much of the tourism sector has been slow to accept changing holiday patterns, the present increase in the provision of all weather facilities is welcome and the Board is appreciative of the contribution to this provision from the European Community. However, if Devon and Cornwall are to maximise tourism opportunities which will open up as a result of the opening of the Channel Tunnel, and if business is to take advantage of the increased freedom of movement of goods that both "1992" and the Tunnel will bring, it is essential that the transport infrastructure is improved. In particular, it is vital that the South West has fast, reliable rail access to the Tunnel, that the programme of road improvement is enhanced and accelerated and that the air services are expanded. In this respect, the Board notes with regret the proposal by The Civil Aviation Authority to close Heathrow and Gatwick airports to those smaller aircraft which currently provide the South West's air access to London and hopes that the Department of Transport will, as previously, reject proposals which are to the detriment of regional economies. The Board also hopes that, in the context of the Single European Market, recognition will be given to servicing other "peripheral" areas of the Community eg Brittany, South West France, Portugal and Spain by means of sea-borne trade from South West ports.

The Board also regards it as vital that both public and private sector landowners recognise that the present shortage of industrial land in the South West is seriously inhibiting continued economic growth. In particular, the Board is concerned that the present lack of suitable serviced industrial sites will not enable the area to attract investment from overseas companies looking to establish a European base in readiness for the Single Market. It urges all concerned to make land available quickly and expresses the hope that the Ministry of Defence lead the way with an early release of land at Seaton Coleridge in Plymouth. It also suggests that the role of English Estates be considered with a view to concentrating its activities on the provision of serviced sites.

The Board is concerned that the small firms sector, on which the South West is more reliant than most, will be less able to grasp the opportunities offered by 1992. It recognises the role that the Enterprise Initiative can play in helping companies prepare. While it is encouraged that so many firms have already sought consultancy advice, the vast majority of small firms have yet to do so. It urges the Department of Trade and Industry to continue and enhance its promotion of the Initiative.

Finally, as elsewhere, South West companies continue to experience serious skill shortages; a problem which will be exacerbated as demographic changes reduce the number of school leavers. The Board welcomes the opportunity offered to business by the proposed establishment of Training and Enterprise Councils to exercise a greater influence over training provision and recent Budget proposals designed to encourage the unemployed to enter and the retired to return to employment.

Support Institutions

As in previous years, the Board continues to be concerned about the weakness of the business support infrastructure particularly the local availability of finance. In this regard it welcomes the proposal by the Devon and Cornwall Development Company (DCDC) to bring together the enterprise funds of Cornwall and Devon County Councils to act as a catalyst for attracting private sector finance. The Board is encouraged by the start made by DCDC which was incorporated during the year. It looks to DCDC to broaden its membership base so that it can quickly become the focal point for coordinating opinion within the two counties and take the lead in initiatives such as the establishment of TECs. The Board also recognises the role for Local Enterprise Agencies and welcomes cooperation which has been achieved between them over the past year. The Board notes and welcomes the continuing success of the Devon and Cornwall Development Bureau (DCDB) in attracting overseas interest and investment in the two counties and in supporting already established inward investors. Like the Board, DCDB is concerned that continuing land problems will severely inhibit the benefit to be gained from past and present promotional activity.

The Board learned with regret that the Forest of Dean will cease to qualify for assistance from European Structural Funds. The contribution that Community funding has made to infrastructure development in the Assisted Areas has been a major element in the revitalization of the Region. The Board hopes that through the National Programmes of Community Interest for Plymouth and for Cornwall and under the revised structural fund rules, Devon and Cornwall will continue to benefit from European funding.

Employment

Unemployment in the Region as a whole continues to fall though remains unacceptably high in the

Development Areas of Cornwall. Despite the projected fall in the number of school leavers entering work it is probable that the Region will remain attractive for relocation and the resulting population inflow will increase the need to develop new industries, particularly those relevant to more mature employees. Though the Region is well suited to off-site (home) working, further development in the telecommunications infrastructure eg cabling, is required if the potential is to be realised. The Board welcomes the Ministry of Defence's decision to release land in Devonport Dockyard for employment creating re-development but remains concerned over the future of defence related employment in the Dockyard. Devonport Management Limited remains a major employer in the area and its continued success is critical.

Selective Assistance

The introduction of simplified procedures for smaller cases and other changes have in the opinion of the Board been beneficial in securing greater value for money from Regional Selective Assistance which continues to make a major contribution to creating and maintaining employment in the Assisted Areas. The Board noted the slow initial take up of Regional Enterprise Grant with concern since the scheme is regarded as an effective replacement for Regional Development Grants for the smaller company. However, the recent increase in the application rate is encouraging and the Board welcomes the Government's intention to extend the Scheme to the Plymouth Travel to Work Area if the area is designated under the European Community's RENAVAL programme.

During the year offers of assistance (63) totalling £5.2 million were made under Section 7 of the Industrial Development Act towards investment of £29.9 million expected to create or preserve 1466 jobs; approval for grants was given to 400 projects under the revised Regional Development Grant scheme closed to new applicants after 31 March 1988, with a total expected grant of £7.8 million.

Membership

During the year Jim Gamble retired after 8 years service. The Board wishes to express its gratitude for his valuable contribution to its work. Two new members – Roger Bowen and Phil Gregory are welcomed to membership of the Board.

K E HOLMES
Chairman

West Midlands Industrial Development Board

Industry within the Region remains optimistic. The rise in interest rates over recent months has been a cause of concern and there is some uncertainty over the impact of an extended period of high interest rates. Nevertheless businesses in general remain in good shape, and confident of their ability to compete.

The strength of the industrial base in the Region is demonstrated by the further fall in the number of companies in the West Midlands that went into liquidation in 1988 – down over one-quarter on the previous year, and the sharpest drop in the country. Planned investment in buildings, plant and equipment is holding up well. Levels of output have been high throughout the last year. Eighty per cent of manufacturing companies in the region are working at more than four-fifths of full capacity.

Manufacturing still accounts for a higher proportion of the West Midlands workforce than in any other Region of the country, though the professional services sector exhibits a growing strength. Major initiatives are under way to tackle the inherited weaknesses in the industrial infrastructure within the conurbation, most notably the Black Country Urban Development Corporation and Birmingham Heartlands. The Region also continues to benefit from a high level of inward investment, particularly from Japan and Europe. The new town of Telford now has more Japanese manufacturing companies than any single town or city in the UK.

Demand for industrial floorspace is in general buoyant, and any surplus of industrial or commercial property is fast disappearing. There is evidence of a significant shortage in the supply of appropriate small factory units for starter businesses.

Unemployment

Unemployment in the Region remains above the national average, though it has again fallen faster in the West Midlands over the last year than nationally. In January 1989 the West Midlands Region had an unemployment rate of 7.5 per cent compared with a rate of 7.1 per cent for Great Britain. Figures in January 1988 were 10.6 per cent and 9.6 per cent although direct comparison is not possible because in June 1988 the denominator changed to include numbers on the Government's works schemes. Vacancies at Job Centres in the Region stood at 21,500 in January, compared with 22,800 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 14.5 per cent to 9.1 per cent) and in Kidderminster (10.2 per cent to 6.1 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 14.9 per cent to 11 per cent).

The buoyant employment picture continues to highlight the problem of skill shortages, particularly those involved with engineering and IT.

Government Assistance

Demand for Regional Selective Assistance during the past year has moderated somewhat from the high levels experienced in the previous financial year. During the 1988–89 financial year over 470 projects attracted support with total grant offered amounting

to £23 million. As a result £298 million of investment is forecast to be generated with employment secured for 10,700 jobs – 8,700 estimated to be created and 2,000 to be safeguarded.

30 of the projects concerned major investments which sought the advice of the West Midlands Regional Development Board, and of these 5 were in respect of substantial investment in the West Midlands by overseas based companies. Overall in the past year Regional Selective Assistance has been offered towards 10 projects from foreign businesses wishing to establish units in the West Midlands.

Over 60 per cent of all assistance offered has been towards industries traditionally associated with the West Midlands but the trend highlighted in previous reports towards investment in other manufacturing sectors continues, particularly in food and drink, and clothing which between them accounted for almost a third of all RSA grant offered during the past year. Of the projects supported almost two thirds emanate from companies with less than 25 employees and related grant on offer totalled £7 million, and for the second year running well over half of the assistance offered was towards individual projects each attracting less than £25,000 grant.

There is encouraging evidence of substantial long-term investment in a whole range of industrial and commercial activity, and the Board is confident that regional assistance can continue to play a part in encouraging this process.

Changes in Membership

During the year 7 members of the Board retired. The Board wishes to record its gratitude to Messrs Allen, Burman, Cant, Cooper-Smith, Gidney, Senior and Timberlake for their valuable contribution.

Seven new members were welcomed to membership of the Board – Messrs Dickens, Doel, Eccleston, Hodgson, Kelleher, Price, and Sayers.

E SWAINSON CBE
Chairman

North West Industrial Development Board

General Outlook

Many sectors of the Regional economy have continued to perform strongly during the year, notably chemicals (particularly pharmaceuticals), electronics and the food industry. The automotive industry has had a good year in all areas including car assembly, heavy trucks, buses and electrical and other components. The aerospace industry has continued to win major orders in a highly competitive market, and the region's large engineering sector has secured a number of useful contracts, again often in the face of strong competition. Firms in the Region have won many major export orders, including design and equipment for diesel electric power stations in Indonesia, rubber processing factories in the

Soviet Union and China, and an acrylic fibre plant in Hungary. The construction industry has benefited from both national and regional economic growth, which has been reflected in a construction revival in a number of major regional centres, particularly Manchester. Tourism remains a growth sector now covering such varied activities as the Sellafeld Centre, industrial heritage sites, and seaside recreation.

However sectors such as textiles, clothing and footwear have been put under pressure by low cost imports associated with high sterling exchange rates, and a number of closures and retrenchments have taken place. Companies who have recently invested in modern machinery, in many cases with the help of Regional Selective Assistance, have coped best with the deteriorating trading conditions. Towards the end of the year there have also been signs of slackening demand in the retail sector. The rapid rise in interest rates and likely continuation at high levels is causing concern, although in spite of this there has been impressive capital investment of around the £1 billion mark by North West manufacturers.

Employment Trends

In March 1989 the North West experienced a fall in the number of seasonally adjusted unemployed for the 33rd consecutive month, while officially notified redundancies for 1988 totalled, provisionally, 19,600 compared with 23,200 (final figures) in 1987 and over 40,100 in 1986. However, the North West has a wide spread of Industrial and Service activities, some of which are still undertaking major restructuring in order to increase their competitive edge. This goes some way to explaining that although current unemployment figures show a considerable improvement compared with 12 months ago, the North West March 1989 unemployed figure of 9.5 per cent was still above the GB average of 6.6 per cent, with levels in some parts of the region considerably higher. In spite of the overall buoyancy in the North West economy there is still concern that employment growth is lagging behind. On the other hand increased economic activity has led to serious skilled labour shortages at many levels, from sewing machines to advanced professional, management and electronic engineering skills. Such shortages are emerging as a major brake on the continued development of the Region. Future prospects are also not helped by the expected decline in the numbers of potential young workers in the 16-24 age group coming onto the labour market in the next few years as a result of falling birth rates in the 1970s. This problem is likely to be more serious in the North West than elsewhere. The Board stresses the importance of training for the future of the North West, both to deal with shortages of essential skills and to cope with industrial change. We are also pleased to see constructive negotiations between management, unions and workers leading to wage and salary settlements associated with productivity improvements.

Regional Assistance

The demand for Regional Selective Assistance

remained high with a small increase over 1987-88. During the year offers were made towards 314 projects creating new jobs and 25 projects safeguarding employment. Assistance provided to all sectors amounted to £32.1 million in grants. These projects in total include the creation of 4459 jobs and the safeguarding of 4093 existing jobs. Total investment in all offers amounts to £272.9 million compared with £322.9 million in 1987-88; they include 40 projects individually involving investment of over one million pounds compared with 55 in the year 1987-88.

Within the totals 41 offers were made in the Manchester/Salford City Action Team area with £1.0 million of assistance towards projects worth £8.9 million in total involving the creation of 426 new jobs and safeguarding a further 59 jobs. In the Merseyside Task force areas 16 offers were made with £1.0 million of assistance involving the creation of 307 new jobs and safeguarding a further 25. 97 per cent of all offers made in the Region were to companies employing less than 200 and 65 per cent were for grants of £25,000 or less. The new arrangements for simplified procedures introduced in these smaller grants have continued to generate greater take-up.

During the year approval for grant was given to some 2040 projects under the revised Regional Development Grant scheme (closed to new applicants after 31 March 1988) with a total expected grant of £100.9 million. Payments totalled £43.8 million. Under the new Regional Enterprise Grant scheme offers to a total value of £2.5 million were made during the year towards 297 projects representing a total investment of £16.4 million.

Business Improvement Services (BIS) Scheme

The Board notes with satisfaction that almost all of the ERDF allocation for the North West of £20.6 million has been taken up and that the scheme is virtually completed, apart from a small proportion of the fund on offer at 31 March to projects which remain to be completed. It was particularly gratifying that in August 1988 the North West received an extra allocation for the Workington Steel Closure Area of £150,000 and by the end of December 1988 this extra allocation had been committed to projects.

The Enterprise Initiative

The Board has observed the development of the Enterprise Initiative in the North West with interest and enthusiasm. It considers that the improved presentation and marketing of the constituent schemes have been very well received by companies in the North West. The introduction of 'one stop' enquiry teams and satellite offices covering more distant areas of the region has been warmly welcomed.

The Board welcomes the high level of response from North West business to the Consultancy Initiatives with the commissioning of over 2800 business reviews and 2400 consultancies in the year. This is an encouraging indicator for the future well-being of

small and medium-sized firms in the Region, particularly against the impending introduction of the Single European Market in 1992. By then the benefits of the expert advice received in key management functions should be reflected in increased efficiency and competitiveness which will stand applicants in good stead in both domestic and overseas markets.

Regional Promotion

The Board continues to be impressed with the progress made by INWARD, the North West's Regional Development Organisation, in more effectively promoting the region overseas. This is being reflected in increased interest in the North West by foreign companies and we consider that the advent of 1992 will offer a particular opportunity to attract further investment into the region by such companies looking for a European base. In this context the Board particularly welcomes the increased funding announced by the Department for 1989-90, which met INWARD's grant bid in full and will help to expand its capability further in key overseas markets, including new areas of opportunity in the Far East. This will still have to be matched by continuing efforts to increase support within the region from local authorities and the business community if INWARD's full potential is to be realised.

We are also particularly conscious of the opportunities within the UK due to the increasing cost pressures in the South East, and the need to ensure that the North West benefits significantly from these developments. A number of primarily private sector-led initiatives are presently being taken forward aimed at enhancing the region's image in recognition of the lack of awareness nationally of what the North West has to offer as a business location and place to live. Further attention however needs to be given to actively co-ordinating these approaches. We are pleased to see that the North West Business Leadership Team is taking a particular interest in this area, and is considering what support it might provide by working through existing agencies such as Inward. We welcome the nomination of Manchester by the UK National Olympic Committee to stage the 1996 Olympics; should this be successful there are likely to be very considerable economic benefits for the Region.

The results of a recent study of Strategic Sites and Premises in the region led by INWARD in conjunction with the Department and English Estates has highlighted the importance of bringing forward further serviced sites and advance factory building in the North West to meet existing industrial demand. This is a vital area for future action if investment opportunities are not to be lost to other locations in the UK or Europe. We therefore welcome the efforts being made by the various bodies involved in the study and others to address these issues, and particularly to seek ways in which the private and public sectors might more effectively work together.

Infrastructure

The importance of the transport infrastructure to the

region's economic performance cannot be overstated and will become even more critical with the advent of the Single European Market and the Channel Tunnel. Developments in the last year have reinforced our view of the importance of the Channel Tunnel to the regional economy and in particular of the need to ensure that adequate direct rail links between the region and the Tunnel (preferably avoiding London) are in place before its opening in 1993. There is also a need to ensure that adequate terminal facilities are available within the region by that time. In this regard we sincerely hope that the regional report on Channel Tunnel service provision to be produced later this year by the North West and North Wales Regional Forum established by British Rail will properly reflect the importance of these issues for the economic future of the region, and we welcome the study recently commissioned by a wide range of regional interests to examine the key infra-structural issues both outside and within the region.

The North West benefited from early investment in motorways but the Board is now increasingly concerned about the inadequacies of the road system leading out of the region, particularly the degree of congestion on the M6 and M62 leading to the south and east respectively. It remains disappointed at the timescale involved in improvements to the road and motorway network.

Once more we stress the importance of the Region's Airports; future expansion of Manchester International Airport (MIA) is essential not only for the North West, but, as an international gateway airport, for the country as a whole. We very much hope that the proposals for a second terminal receive the necessary support, and that MIA is successful in establishing the new routes it needs to the Continent and North America. Liverpool Airport also has excellent facilities for both passengers and freight and its further growth can make a major contribution to economic development on Merseyside.

Technology

The Board has been encouraged by the continued growth of advanced technology in the North West and has recognised the important contributions of the region's Higher Education Institutions in this respect. We feel, however, that these institutions need to be built upon if they are to play a full role in the future development of the region. The promotion of technology transfer, particularly amongst small and medium-sized firms, is a priority area in which Nimtech, the NW Regional Technology Centre, has a vital role. We are pleased to see that Nimtech has continued to strengthen its membership base and to extend the range of its services.

The success of the Department's SMART competition in the NW is evidence of the strength of innovation and enterprise within the region. This produced 99 applications, for which 12 winners received awards of up to £37,500, and will be eligible to apply for a second stage of the competition later in 1989. The Board has welcomed the support also available

to innovatory projects under the Regional Enterprise Grant (Innovation) and BIS (Feasibility Studies) schemes.

Industry/Education

The partnership between business and the education system is vital to the future success of the region. The Board is encouraged to note the continued strong take-up of the Teaching Company Scheme in the NW and the increasing involvement of HEIs with local industry.

On the issue of schools and industry links, the Board warmly welcomes the Department's Enterprise and Education Initiative and the appointment of local Advisers in appropriate host bodies across the NW. These, and other arrangements, particularly the COMPACT Liaison Scheme in Urban Programme Areas, can make an important contribution by strengthening existing links and by providing a focal point of contact for businesses who wish to become involved. The Board recognises the crucial role that closer links with schools can play in helping to shape attitudes and experience and in developing a better understanding of the needs of business. This is becoming particularly important with the sharp decline in numbers of school leavers expected over the next few years.

Single European Market and Exports

We note that a number of the Region's exporters have achieved some notable successes during the year and welcome the increased promotional campaign through the Department's Export Initiative to stimulate companies to improve their export performance. It is encouraging to see the public sector working closely with chambers of commerce, export clubs and others in the private sector so as to help companies make the most of opportunities for overseas business.

We welcome the DTT's campaign to spread awareness of the Single European Market and to encourage companies to prepare now for both the challenges and opportunities that this will bring. The campaign has had a strong impact in the NW but we must stress that the present need is for more action by business. We are glad to note that the Government's campaign includes practical advice on such action, particularly in the key area of Standards. As the Single Market approaches, improved language skills and language training become increasingly important.

City Action Teams (CATs)

The Board has been encouraged with the progress of the Government's Action for Cities Initiatives both in Manchester and Liverpool. In the last year the Manchester CAT has continued to co-ordinate and focus the work of the 3 member Departments (DTI, Environment and Employment) who between them spend £120 million a year in the inner city. A major activity has been to promote mainstream pro-

grammes, and the demand for RSA reported above has been particularly encouraging. In addition, the CAT has supported a range of inner city regeneration projects using part of the £790,000 Special Fund allocated for 1988-89 for example, the CAT is to contribute £173,000 towards the cost of a £325,000 Security Grant Scheme in partnership with the Moss Side and Hulme Task Forces to assist small businesses in the inner city to improve the security of their industrial or commercial premises.

The Liverpool City Action Team and the Merseyside Task Force have continued to promote the Government's Action for Cities Initiative on Merseyside. The recent announcement of a new mini Task Force for Toxteth will provide a shorter focus in Liverpool 8. In addition to co-ordinating the work of the three constituent Departments the City Action Team has used its special budget to assist and support a number of inner city projects. A contribution of £35,000 to the setting up of the Speke Training and Enterprise Centre has provided 250 training places and ensured the continuation of training for skills in a very deprived area of the City. The CAT, in collaboration with the Midland Bank, has set up a £200,000 loan fund for small businesses in the City at attractive rates of interest; this fund is being used to generate and expand small firms and encourage self employment.

Membership

During the year Mr David Linnell retired from the Board, and we wish to express our gratitude for the contribution he has made in recent years. Three new members - Messrs Ernest Baxendale, John Lawrence and Barrie Lawson - have been welcomed on the Board during the year.

G N HAGUE OBE, FCIS
Chairman

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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 1989 (a)

£ million

Region	Regional Development Grants (b)	Section 8					Totals	
		Section 7		General Investment Measures		Other Measures		
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)		Grants	Loans/Equity (c)
Scotland	nil	552.0	54.0	26.3	nil	43.8	622.1	54.0
Wales	nil	453.3	24.5	23.8	nil	11.6	488.7	24.5
North East	nil	318.8	20.2	7.7	0.5	25.0	351.8	20.7
Yorkshire/Humberside	nil	168.6	9.9	22.6	nil	88.2	279.2	9.9
East Midlands	nil	45.1	1.1	17.1	nil	68.2	130.4	1.1
South East	nil	nil	nil	63.2	0.4	176.9	240.1	0.4
South West	nil	50.1	3.6	9.7	nil	52.5	112.3	3.6
West Midlands	nil	128.9	0.1	43.1	0.3	91.7	263.7	0.4
North West	nil	384.9	28.2	3.2	nil	105.3	524.4	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
Total	nil	2,101.7	141.6	217.3	6.1	670.4	3,020.5	147.7
Of which, in year ended 31.3.89	nil	242.1	nil	nil	nil	10.8	253.6	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 1989 (a)

£ million

Region	Regional Development Grants (b)	Section 8					Totals	
		Section 7		General Investment Measures		Other Measures		
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)		Grants	Loans/Equity (c)
Scotland	1,813.4	329.8	42.0	20.3	nil	34.0	2,197.5	42.0
Wales	1,147.8	247.4	21.5	23.0	nil	7.6	1,425.8	21.5
North East	1,636.6	201.6	18.0	6.8	0.5	16.7	1,923.7	18.5
Yorkshire/Humberside	391.7	120.8	9.2	18.3	nil	67.2	598.0	9.2
East Midlands	72.3	34.2	1.1	16.3	nil	53.8	176.6	1.1
South East	nil	nil	nil	56.1	0.4	125.8	181.9	0.4
South West	120.1	33.4	3.5	8.6	nil	40.2	209.6	3.5
West Midlands	2.7	58.2	0.1	37.3	0.2	61.1	159.3	0.3
North West	1,103.8	258.8	26.8	31.6	nil	80.4	1,474.6	26.8
Northern Ireland	nil	nil	nil	nil	nil	5.5	5.5	nil
Mixed	nil	nil	nil	0.6	4.9	4.9	4.9	4.9
Total	6,288.4	1,284.2	122.2	218.9	6.0	497.2	8,357.4	128.2
Of which, in year ended 31.3.89	237.4	183.2	nil	2.1	nil	16.3	439.0	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 1988 (TWELVE MONTHLY AVERAGE FOR THE CALENDAR YEAR)

<i>Region</i>	<i>Number (000)</i>	<i>Per cent</i>
Scotland	293.6	13.2
Development Area	172.8	15.7
Intermediate Area	47.3	14.7
Wales	230.0	12.8
Development Area	51.3	14.6
Intermediate Area	67.1	12.3
North East (b)	179.4	13.8
Development Area	142.7	15.4
Intermediate Area	20.1	12.0
Yorkshire and Humberside	243.9	11.6
Development Area	26.1	15.9
Intermediate Area	120.2	12.7
East Midlands	147.8	8.6
Development Area	2.3	9.6
Intermediate Area	1.5	12.4
East Anglia	52.0	6.0
South East (c)	508.6	6.3
South West	137.6	7.8
Development Area	10.1	16.2
Intermediate Area	20.6	11.2
West Midlands	238.0	10.1
Intermediate Area	190.9	11.4
North West	333.0	12.5
Development Area	146.7	16.3
Intermediate Area	99.4	11.1
All Development Areas	552.0	15.6
All Intermediate Areas	567.1	11.9
All Other Areas	1,135.6	7.2
Great Britain	2,254.7	9.4

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-1987 estimates of employees in employment. Data for Travel-to Work Areas (TTWA's) 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.

Regional Development Grants

Regional Developments Grants (RDGs) are payable under part II of the Act. On 29 November 1984 a revised RDG scheme came into effect 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 closure of the revised Scheme was announced on 12 January 1988 and came into effect under the terms of the Regional Development Grant (Termination) Act 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 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.

The Commencement Orders set out the Transitional Provisions under which grant might continued to be paid after 28 November 1984. The only such provision still effective in 1988-89 were for grant to be paid on:-

- (a) a building or part of a building which was erected for lease, letting or sale and completed before 29 November 1985, where the purchase by the first owner was also completed, or a first legal lease or tenancy was granted, on or before 28 November 1987; or
- (b) assets provided as part of a project in respect of which application for selective assistance was made before 1 February 1984, and an offer of such assistance was made 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 which came into effect in January 1985 was lifted on 10 February 1989.

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 as amended, on 21 March 1988, to include the Wards of Sillloth and Waver in the Workington Development Area. The 1984 Order did not designate any Special Development Areas.

Under the termination arrangements announced on 12 January 1988 the scheme was closed to new applications received after 31 March 1988 and the availability of grant to certain other projects was restricted. 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 is, however, subject to the Transitional Arrangements. Under those, the amount of grant payable according to the project approval letter may not be increased to take account of any modification of the project and grant may not be paid 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.

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 added various new qualifying activities, mainly in the service sector, including certain computer, mail order and credit card services.

Grants 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-time 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, less also any net jobs losses which so arise in the Intermediate Areas. In the case of projects promoted by undertakings which

employ more than 200 people, grant calculated on the basis of capital expenditure is limited to £10,000 for each net 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. EC obligations limit the amount of job grant payable towards manufacturing projects and certain service projects undertaken by manufacturers to 40 per cent of the initial investment. Some industrial sectors are the subject of specific restrictions imposed by the European Commission affecting the granting of regional aid.

Claims in respect of an approved project need to be submitted not later than 12 months after the date when the project is completed. Where a project is subject to the

Transitional Arrangements claims need also to be submitted not later than the day before the third anniversary of the date of the Project Approval Letter.

The two-month waiting period for payment of approved interim claims introduced on 14 January 1987, was lifted on 21 October 1988. The waiting period was lifted as the financial constraints, resulting from the greater than expected bulge in demand and consequent burden on public expenditure during the overlap between the original and revised schemes, no longer applied.

General

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)	1988-89			1972-73 to 1988-89		
	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	410	84	494	107,726	9,615	117,341
III Food, drink and tobacco	3,982	816	4,798	424,414	167,173	591,587
IV Coal and petroleum products	1,116	228	1,344	441,972	85,654	527,626
V Chemicals and allied industries	9,226	1,890	11,116	1,113,312	228,984	1,342,296
VI Metal manufacture	1,779	364	2,143	581,585	171,239	752,824
VII Mechanical engineering	3,118	639	3,757	240,148	101,179	341,327
VIII Instrument engineering	1,277	261	1,538	40,673	11,162	51,835
IX Electrical engineering	16,396	3,358	19,754	297,185	83,999	381,184
X Shipbuilding and marine engineering	2,907	595	3,502	53,085	34,403	87,488
XI Vehicles	15,938	3,264	19,202	228,514	62,105	290,619
XII Metal goods not elsewhere specified	188	38	226	96,608	42,983	139,591
XIII Textiles	153	31	184	95,712	43,061	138,773
XIV Leather, leather goods and fur	72	15	87	5,831	2,922	8,753
XV Clothing and footwear	521	107	628	37,533	15,481	53,014
XVI Bricks, pottery, glass, cement, etc	1,443	295	1,738	175,962	52,512	228,474
XVII Timber, furniture, etc	324	66	390	65,175	36,569	101,744
XVIII Paper, printing and publishing	2,522	517	3,039	225,656	71,718	297,374
XIX Other manufacturing industries	903	185	1,088	105,138	34,612	139,750
XX Construction	nil	nil	nil	103,595	7,388	110,983
Other	437	90	527	39,781	17,047	56,828
Total	62,712	12,843	75,555	4,479,605	1,279,806	5,759,411

(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 1988-89

£'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	
Scotland	19,542	1,886	21,428	3,963	383	42	25,816
Wales	4,597	6,713	11,310	941	1,375	nil	13,626
Northern	22,544	1,598	24,142	4,618	327	nil	29,087
Yorkshire and Humberside	nil	1,192	1,192	nil	232	12	1,436
East Midlands	nil	474	474	nil	97	nil	571
South West	20	75	95	4	15	nil	114
North West	3,549	522	4,071	727	107	nil	4,905
Total	50,252	12,460	62,712	10,253	2,536	54	75,555

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

TABLE 3 ORIGINAL REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY AREA IN 1972-73 TO 1988-89

£'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		Total buildings and works
Scotland	733,299	600,710	1,334,009	181,994	141,219	12,660	nil	335,073	1,669,882
Wales	367,110	495,720	862,830	71,093	95,527	17,817	nil	184,437	1,047,267
Northern	585,957	683,040	1,268,997	131,410	125,163	46	nil	256,619	1,525,616
Yorkshire and Humberside	nil	172,230	172,230	nil	39,156	136,611	nil	175,767	347,997
East Midlands	nil	26,220	26,220	nil	4,824	17,313	3,979	26,116	52,336
South West	9,371	70,550	79,921	2,515	17,323	4,947	nil	24,785	104,706
West Midlands	nil	nil	nil	nil	nil	680	2,013	2,693	2,693
North West	633,554	101,844	735,398	132,762	17,333	123,421	nil	273,516	1,008,914
Total	2,329,291	2,150,314	4,479,605	519,774	440,545	313,495	5,992	1,279,006	5,759,411

(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 OFFERED IN RELATION TO APPROVED PROJECTS AND PAYMENTS MADE BY TYPE OF INDUSTRY

£'000

Standard Industrial Classification Division (SIC 1980)	1988-89		1984-85(a) to 1988-89	
	Grant in relation to approved projects	Payments	Grant in relation to approved projects	Payments
1. Energy and water supply industries	730	496	2,146	659
2. Extraction of minerals and ores other than fuels; manufacture of metals, mineral product	53,770	22,216	131,847	47,091
3. Metal goods, engineering and vehicle industries	202,167	77,999	495,968	177,410
4. Other manufacturing industries	187,236	97,619	536,348	232,327
7. Transport and communications	2,004	1,547	13,174	7,292
8. Banking, finance, insurance, business services and leasing	21,257	12,177	72,392	37,420
9. (i) Industrial research and development in specialised research establishments only	1,300	47	2,951	244
(ii) Football pools only	nil	6	84	24
Other	18,963	9,702	60,161	26,535
Total	487,427	221,809	1,315,071	529,002

(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	1988-89		1984-85(a) to 1988-89	
	Grant in relation to approved projects	Payments	Grant in relation to approved projects	Payments
Scotland	140,391	50,785	366,801	143,535
Wales	90,235	44,999	249,962	100,504
North East	106,390	50,472	260,165	111,001
North West	100,925	43,840	237,834	94,874
Yorkshire and Humberside	26,486	17,937	94,754	43,684
East Midlands	15,193	7,316	74,091	20,008
South West	7,807	6,457	32,568	15,396
Total	487,427	221,806	1,316,175	529,002

(a) From 29 November 1984.

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, 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 may also be offered (see Appendix ??).

Assistance may take just one of these forms or may be negotiated as a package involving a combination of project 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 limitation 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 were available to projects in manufacturing and service industries in the Assisted Areas. This support measure, which was operated under Section 7 of the Industrial Development Act 1982 but was co-funded by the European Social Fund (ESF) and administered under ESF criteria, was designed to help companies meet training costs associated with new investment projects satisfying the requirements for Regional Selective Assist-

ance. Because of substantial changes made by the ESF to its criteria, the Scheme in practice no longer achieved this objective. Under the revised rules trainees had to be under 25 at the start of the training programme, be trained in the use of new technology and receive a min-

imum of 200 hours actual training. These requirements proved difficult for applicants to satisfy and no offers of assistance were made after the revised criteria were introduced in January 1986. As a result closure of the Scheme was announced on 15 December 1988.

APPENDIX 6

Statistics relating to Section 7 of the Industrial Development Act 1982

TABLE 1 GREAT BRITAIN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</i>
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	206	66,277				61,287
Old Criteria Grants	nil	nil	nil	nil	nil	1,818	276,324	6,798,443	246,877	131,473	239,169
OSIS Grants	nil	nil	nil	nil	nil	473	35,240				21,148
Project Grants	nil	nil	nil	nil	nil	1,409	349,959				247,454
Training Grants	nil	nil	nil	nil	nil	81	37,993				24,980
Total Grants	nil	nil	nil	nil	nil	3,781	699,516	6,798,443	246,877	131,473	532,751
<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	8,060,808	203,275	99,357	71,565
OSIS Grants	nil	nil	nil	nil	nil	328	26,541				18,991
Project Grants	479	133,867	1,188,656	18,454	7,213	2,702	635,196				297,699
Training Grants	nil	nil	nil	nil	nil	65	16,596				12,802
Total Grants	479	133,867	1,188,656	18,454	7,213	4,339	763,243	8,060,808	203,275	99,357	401,057
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	151	39,232				34,969
Old Criteria Grants	nil	nil	nil	nil	nil	2,382	118,754				103,853
OSIS Grants	nil	nil	nil	nil	nil	446	18,171	7,154,593	273,901	139,422	14,183
Project Grants	1,128	114,045	1,613,067	27,383	7,693	4,818	490,129				224,952
Training Grants	nil	nil	nil	nil	nil	29	12,459				7,960
Total Grants	1,128	114,045	1,613,067	27,383	7,693	7,675	639,513	7,154,543	273,901	139,422	350,948
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	487	141,332				131,226 (a) 84,397
Old Criteria Grants	nil	nil	nil	nil	nil	5,444	479,988	22,013,844	724,053	370,252	414,587
OSIS Grants	nil	nil	nil	nil	nil	1,246	79,952				54,322
Project Grants	1,607	247,912	2,801,723	45,837	14,906	8,929	1,475,284				770,105
Training Grants	nil	nil	nil	nil	nil	175	67,048				45,742
Total Grants	1,607	247,912	2,801,723	45,837	14,906	15,794	2,102,272	22,013,844	724,053	370,252	1,284,756

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment</i>		<i>Total Payments (£'000)</i>
				<i>New</i>	<i>Safeguarded</i>				<i>New</i>	<i>Safeguarded</i>	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	78	29,382				27,568 13,989
Old Criteria Grants	nil	nil	nil	nil	nil	594	77,812	(a) 2,479,127	92,636	33,344	62,505
OSIS Grants	nil	nil	nil	nil	nil	111	10,488				5,103
Project Grants	nil	nil	nil	nil	nil	503	126,847				93,192
Training Grants	nil	nil	nil	nil	nil	33	29,729				19,189
Total Grants	nil	nil	nil	nil	nil	1,241	244,876	2,479,127	92,636	33,344	179,989
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	45	20,950				20,615 4,815
Old Criteria Grants	nil	nil	nil	nil	nil	470	41,115	(a) 2,909,298	60,359	38,077	32,583
OSIS Grants	nil	nil	nil	nil	nil	21	1,808				1,542
Project Grants	150	33,874	330,620	5,096	2,021	610	173,531				70,710
Training Grants	nil	nil	nil	nil	nil	16	7,628				5,529
Total Grants	150	33,874	330,620	5,096	2,021	1,117	224,082	2,909,298	60,359	38,077	110,364
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	5	3,490				2,990 580
Old Criteria Grants	nil	nil	nil	nil	nil	51	11,613	(a) 812,912	17,487	15,281	11,401
OSIS Grants	nil	nil	nil	nil	nil	27	2,494				1,394
Project Grants	44	15,537	196,032	3,068	1,397	309	68,357				25,955
Training Grants	nil	nil	nil	nil	nil	3	1,050				1,050
Total Grants	44	15,537	196,032	3,068	1,397	390	83,514	812,912	17,487	15,281	39,800
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	128	53,822				51,173 (a) 19,384
Old Criteria Grants	nil	nil	nil	nil	nil	1,114	130,540	(a) 6,201,337	170,482	86,702	106,489
OSIS Grants	nil	nil	nil	nil	nil	158	14,790				8,039
Project Grants	194	49,411	526,652	8,164	3,418	1,421	368,185				189,857
Training Grants	nil	nil	nil	nil	nil	52	38,407				25,768
Total Grants	194	49,411	526,652	8,164	3,418	2,745	552,472	6,201,337	170,482	86,702	330,153

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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	43,643	10,091	59,014
OSIS Grants	nil	nil	nil	nil	nil	51	3,452				1,777
Project Grants	nil	nil	nil	nil	nil	280	67,832				42,471
Training Grants	nil	nil	nil	nil	nil	8	2,223				2,001
Total Grants	nil	nil	nil	nil	nil	629	139,667	1,415,592	43,643	10,091	105,263
<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	1,707,144	52,482	26,464	13,601
OSIS Grants	nil	nil	nil	nil	nil	128	9,831				6,800
Project Grants	68	32,234	234,802	4,511	1,445	597	165,757				80,047
Training Grants	nil	nil	nil	nil	nil	9	3,504				3,244
Total Grants	68	32,234	234,802	4,511	1,445	1,007	194,291	1,707,144	52,482	26,464	103,692
<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	1,567,918	30,646	14,115	8,478
OSIS Grants	nil	nil	nil	nil	nil	53	1,577				1,120
Project Grants	110	48,796	802,772	7,321	1,568	447	108,270				28,586
Training Grants	nil	nil	nil	nil	nil	2	473				308
Total Grants	110	48,796	802,772	7,321	1,568	645	119,377	1,567,918	30,646	14,115	38,492
<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	4,690,654	126,771	50,670	81,093
OSIS Grants	nil	nil	nil	nil	nil	232	14,860				9,697
Project Grants	178	81,030	1,037,574	11,832	3,013	1,324	341,859				151,104
Training Grants	nil	nil	nil	nil	nil	19	6,200				5,553
Total Grants	178	81,030	1,037,574	11,832	3,013	2,281	453,335	4,690,654	126,771	50,670	247,447

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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				117,650
OSIS Grants	nil	nil	nil	nil	nil	311	21,300	2,903,724	110,598	88,038	14,268
Project Grants	nil	nil	nil	nil	nil	626	155,280				111,791
Training Grants	nil	nil	nil	nil	nil	40	6,041				3,790
Total Grants	nil	nil	nil	nil	nil	1,911	314,973	2,903,724	110,598	88,038	247,499
<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				25,381
OSIS Grants	nil	nil	nil	nil	nil	179	14,902	3,444,366	90,434	34,816	10,649
Project Grants	261	67,759	623,234	8,847	3,747	1,495	295,908				146,942
Training Grants	nil	nil	nil	nil	nil	40	5,464				4,029
Total Grants	261	67,759	623,234	8,847	3,747	2,215	344,870	3,444,366	90,434	34,816	187,001
<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	98,084				83,974
OSIS Grants	nil	nil	nil	nil	nil	366	14,100	4,773,763	225,768	110,026	11,669
Project Grants	974	49,712	614,263	16,994	4,728	4,062	313,502				170,411
Training Grants	nil	nil	nil	nil	nil	24	10,936				6,602
Total Grants	974	49,712	614,263	16,994	4,728	6,640	436,622	4,773,763	225,768	110,026	272,656
<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	259,032				227,005
OSIS Grants	nil	nil	nil	nil	nil	856	50,302	11,121,853	426,800	232,880	36,586
Project Grants	1,235	117,471	1,237,497	25,841	8,475	6,183	764,690				429,144
Training Grants	nil	nil	nil	nil	nil	104	22,441				14,421
Total Grants	1,235	117,471	1,237,497	25,841	8,475	10,766	1,096,465	11,121,853	426,800	232,880	707,156

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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	3,504,498	106,628	54,589	51,476
OSIS Grants	nil	nil	nil	nil	nil	196	13,162				8,367
Project Grants	181	28,918	360,604	5,078	569	1,228	239,583				136,981
Training Grants	nil	nil	nil	nil	nil	54	6,717				4,791
Total Grants	181	28,918	360,604	5,078	569	2,166	318,755	3,504,498	106,628	54,589	201,615

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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	1,904,135	92,722	37,962	31,691
OSIS Grants	nil	nil				203	9,189				7,397
Project Grants	45	4,417	25,217	1,092	188	995	117,895				78,537
Training Grants	nil	nil				9	5,157				3,157
Total Grants	45	4,417	25,217	1,092	188	2,169	168,648	1,904,135	92,722	37,962	120,782

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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	376,306	28,854	1,492	4,706
OSIS Grants	nil	nil				53	10,174				7,730
Project Grants	22	1,041	17,339	374	nil	350	29,116				21,233
Training Grants	nil	nil				8	667				558
Total Grants	22	1,041	17,339	374	nil	674	45,141	376,306	28,854	1,492	34,227

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 1988 TO 31 MARCH 1989

	<i>Offers accepted 1.4.88 to 31.3.89</i>					<i>Cumulative offers accepted to 31 March 1989</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>Estimated Employment New Safeguarded</i>		<i>Total Payments (£'000)</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	11,310	493,094	25,808	5,370	9,838
OSIS Grants	nil	nil				35	1,309				836
Project Grants	45	4,451	25,344	1,103	189	274	35,525				21,690
Training Grants	nil	nil				5	1,945				1,079
Total Grants	45	4,541	25,344	1,103	189	557	50,089	493,094	25,808	5,370	33,443

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 1988 TO 31 MARCH 1989

	Offers accepted 1.4.88 to 31.3.89				Cumulative offers accepted to 31 March 1989						
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Total Payments (£'000)	
Loans/Equity	nil	nil	nil	nil	1	60				60	
										(a) 60	
Old Criteria Grants	nil	nil	nil	nil	13	727	1,236,090	38,831	20,571	721	
OSIS Grants	nil	nil			nil	nil				nil	
Project Grants	510	26,455	327,238	9,514	1,679	124,515				54,440	
Training Grants	nil	nil			7	3,674				3,053	
Total Grants	510	26,455	327,238	9,514	1,699	128,916	1,236,090	38,831	20,571	58,214	

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 1988 TO 31 MARCH 1989

	Offers accepted 1.4.88 to 31.3.89				Cumulative offers accepted to 31 March 1989						
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Total Payments (£'000)	
Loans/Equity	nil	nil	nil	nil	69	28,196				26,784	
										(a) 16,002	
Old Criteria Grants	nil	nil	nil	nil	1,454	146,111	3,607,730	133,957	112,896	128,573	
OSIS Grants	nil	nil			369	16,468				12,256	
Project Grants	310	31,733	274,071	4,192	1,657	218,056				116,263	
Training Grants	nil	nil			21	4,281				1,783	
Total Grants	310	31,733	274,071	4,192	3,501	384,916	3,607,730	133,957	112,896	258,875	

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 1989 (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	30	1,307	nil	nil	841	10,850	504	168
1 Energy and water supply industries	1	100	17	306	42	5,487	1	300	3,471	61,482	1,303	697
2 Extraction of minerals and ores other than fuels; manufacture of metals, mineral products and chemicals	56	19,921	752	62,119	1,096	225,307	16	3,765	199,226	4,239,379	76,458	59,310
3 Metal goods, engineering and vehicles industries	221	73,588	2,215	294,423	3,490	735,341	94	53,781	724,990	10,787,243	338,860	200,309
4 Other manufacturing industries	201	46,846	2,314	119,776	3,527	447,640	62	9,111	408,311	5,995,038	245,320	106,851
5 Construction	3	543	52	1,105	93	3,840	nil	nil	3,646	63,124	5,108	91
6 Distribution, hotels and catering; repairs	3	229	44	982	250	20,892	1	40	9,948	253,812	7,789	1,790
7 Transport and communication	nil	nil	8	284	68	6,439	nil	nil	3,061	139,839	2,493	84
8 Banking, finance insurance, business services and leasing	1	80	26	725	239	23,300	1	51	5,325	228,798	8,756	541
9 Other services	nil	nil	5	127	93	5,731	nil	nil	2,841	46,128	1,633	411
Total	487	141,332	5,443	479,988	8,928	1,475,284	175	67,048	1,361,660	21,825,693	688,224	370,252

(a) Excluding Office and Service Industries Scheme

TABLE 12 PAYMENTS MADE BY FINANCIAL YEAR FOR GREAT BRITAIN

£'000

<i>Financial Year</i>	<i>Loans/ Equity</i>	<i>Old Criteria Grants</i>	<i>Project Grants</i>	<i>Training Grants</i>	<i>OSIS Grants</i>	<i>Total</i>
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	16,090	32,617	nil	nil	2,144	50,851
1978-79	5,325	95,981	18	nil	3,105	104,429
1979-80	3,900	73,777	1,507	nil	3,423	82,607
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	81,357	6,093	7,485	98,325
1985-86	nil	3,388	97,516	13,765	4,968	119,637
1986-87	nil	1,031	115,192	8,066	2,447	126,736
1987-88	nil	913	140,480	6,093	2,408	149,894
1988-89	nil	1,449	175,114	1,987	1,345	179,895
Total	131,226	414,587	770,105	45,742	54,322	1,415,982

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

TABLE 13 EMPLOYMENT CREATED AND SAFEGUARDED TO 31 MARCH 1989

<i>Region</i>	<i>Offers accepted to 31 March 1987 £'000</i>	<i>Total payments to 31 March 1989 £'000</i>	<i>Forecast for RDG associated with projects £'000</i>	<i>Forecast employment associated with projects at time of offer</i>	<i>Realisation of forecast up to 31 March 1989</i>
Scotland	456,228	364,853	378,276	210,086	152,637
Wales	315,186	257,755	283,700	133,331	108,501
North East	256,838	204,274	336,493	137,442	96,639
Yorks/Humberside	135,756	115,054	43,842	113,693	84,470
East Midlands	39,631	34,423	19,335	27,636	17,990
South West	42,328	34,408	18,137	27,854	16,701
West Midlands	44,523	32,944	129	24,212	21,808
North West	325,076	275,694	199,512	217,663	152,891
Total England	884,152	696,797	617,448	548,500	390,499
Total Great Britain	1,615,566	1,319,405	1,279,424	891,917	651,637

(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 1987 on which some payment has been made.

APPENDIX 7

Regional Enterprise Grants

1. INVESTMENT GRANTS APPLICATIONS, OFFERS AND PAYMENTS TO 31 MARCH 1989

Region	Applications						Offers		
	Received		Rejected or withdrawn		Under consideration		Number	Assistance Offered	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)			
Scotland	378	19,670	69	2,739	120	7,690	189	1,097	231
Wales	319	26,573	72	8,024	112	11,320	135	826	182
North East	424	17,244	84	2,924	66	2,591	274	1,517	233
Yorkshire and Humberside	196	13,507	35	2,613	43	2,785	118	949	108
East Midlands	42	3,144	5	156	3	269	34	299	10
South West	146	5,539	30	1,399	18	798	98	432	62
North West	433	21,827	116	6,531	63	3,579	254	1,585	299
Total	1,938	107,504	411	24,386	425	29,032	1,102	6,705	1,125

2. INNOVATION GRANTS APPLICATIONS, OFFERS AND PAYMENTS TO 31 MARCH 1989

Region	Applications						Offers		
	Received		Rejected or withdrawn		Under consideration		Number	Assistance Offered	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)			
Scotland	100	9,726	36	4,703	27	1,921	37	851	51
Wales	120	12,027	50	5,293	39	4,918	31	598	36
North East	136	11,187	43	4,510	38	3,623	55	1,021	32
Yorkshire and Humberside	71	7,172	25	3,214	18	1,161	28	631	44
East Midlands	9	565	4	254	0	0	5	113	0
South West	35	2,230	14	1,302	8	399	13	218	13
North West	145	30,048	72	22,301	30	3,065	43	912	118
Total	616	72,955	244	41,577	160	15,087	212	4,344	294

3. TOTAL INVESTMENT AND INNOVATION GRANTS APPLICATIONS, OFFERS AND PAYMENTS TO 31 MARCH 1989

Region	Applications						Offers		
	Received		Rejected or withdrawn		Under consideration		Number	Assistance Offered	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)			
Scotland	478	29,396	105	7,442	147	9,611	226	1,948	282
Wales	439	38,600	122	13,317	151	16,238	166	1,424	218
North East	560	28,431	127	7,434	104	6,214	329	2,538	265
Yorkshire and Humberside	267	20,679	60	5,827	61	3,946	146	1,580	152
East Midlands	51	3,709	9	410	3	269	39	412	10
South West	181	7,769	44	2,701	26	1,197	111	650	75
North West	578	51,875	188	28,832	93	6,644	297	2,497	417
Total	2,554	180,459	655	65,963	585	44,119	1,314	11,049	1,419

APPENDIX 8

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
Total	62.4

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 1989 – 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	17,941	16,794	11,244	10,287
Wales	4,300	39,461	3,425	20,601	10,000	6,572
North East	2,620	31,427	1,541	19,813	8,151	5,130
Yorkshire and Humberside	3,692	104,539	3,548	72,382	25,832	20,104
East Midlands	696	9,280	351	3,980	2,026	1,279
North West	5,152	114,814	2,786	62,250	19,035	13,709
Total	38,207	319,953	29,592	195,820	76,288	57,081

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

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). In 1985 exchange risk cover was restricted to ECSC loans up to a maximum of £500,000 per project. It is open to borrowers to take larger loans either making up the difference in sterling or taking foreign currencies at their own 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 3 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, Midland 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 1988–89 funds worth £70 million were provided for use by ECSC agents, helping to create an estimated 6,000 jobs.

APPENDIX 10

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 1987-88	Received in 1988-89	Rejected	Withdrawn	Under consideration	Number	Estimated cost (£'000)	Estimated grant (£'000)
Department of Environment	Sewerage	30	25	2	nil	31	22	7,241	1,444
	Water Supply	15	13	1	nil	17	10	2,538	291
Department of Transport	Roads	10	29	1	nil	13	25	19,128	4,916
Scottish Development Department	Roads	1	1	nil	nil	nil	2	1,006	294
	Sewerage	4	4	1	nil	6	1	9	3
	Water Supply	1	5	3	nil	1	2	62	19
Welsh Office	Roads	7	14	1	nil	13	7	1,050	200
Total		68	91	9	nil	81	69	31,034	7,167

(a) No applications were brought forward from 1987-88 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 or the Department of Transport (Railways) Scheme.

(b) Figures for the Welsh Office (Sewerage) and Welsh Office (Water Supply) schemes were not available at time of going to press.

APPENDIX 11

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 1989

Region	Status of area (a)	Leasable Stock						Under Construction (b)	
		Total		Occupied		Vacant		Units	area m ²
		Units	area m ²	Units	area m ²	Units	area m ²		
North East	AA	2,007	968,610	1,771	902,906	236	65,704	35	22,673
	NAA	149	38,739	108	32,416	41	6,323	-	-
North West	AA	1,539	379,909	1,364	347,744	175	32,165	65	37,827
	NAA	431	138,703	365	130,062	66	8,641	-	-
Yorkshire & Humberside	AA	587	157,323	530	142,035	57	15,288	54	12,926
	NAA	295	50,993	274	48,973	21	2,020	-	-
East Midlands	AA	30	7,065	30	7,065	-	-	3	1,114
	NAA	295	58,866	275	54,978	20	3,888	5	856
West Midlands	AA	50	9,671	48	9,085	2	586	-	-
	NAA	221	35,041	209	33,345	12	1,696	-	-
South West	AA	464	86,002	427	75,953	37	10,049	16	3,233
	NAA	351	50,677	329	48,420	22	2,257	16	2,160
South East	NAA	298	46,977	272	43,036	26	3,941	-	-
Total		6,717	2,028,576	6,002	1,876,018	715	152,558	194	80,789

(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 1989)

Region	1988	1989
	Total	Total
North East	39,627	37,126
North West	16,804	16,239
Yorkshire and Humberside	9,394	6,648
East Midlands	916	1,442
West Midlands	1,339	2,118
South West	4,916	5,112
South East	1,241	2,185
Total Leased	74,237	70,870
Sold by English Estates or privately built on English Estates Land	77,397	84,241
Total	151,634	155,111

TABLE 3 ENGLISH ESTATES : PREMISES

Region	Status of area (a)	Occupied during 1988-89		Vacated during 1988-89		Reserved Vacant at 31 March 1989		Available for letting at 31 March Vacant - Res. Vacant		Vacancy rate
		units	area m ²	units	area m ²	units	area m ²	units	area m ²	
North East	AA	502	110,773	278	82,528	73	22,806	163	42,898	4.4
	NAA	56	5,855	31	3,531	7	1,507	34	4,816	12.4
North West	AA	330	57,824	182	24,368	53	12,722	122	19,443	5.1
	NAA	95	70,136	66	6,900	14	1,995	52	6,646	5.7
Yorkshire & Humberside	AA	202	35,926	137	20,879	14	7,390	43	7,898	5.0
	NAA	46	42,400	18	2,184	-	-	21	2,020	4.0
East Midlands	AA	8	1,266	3	317	-	-	-	-	-
	NAA	107	12,339	54	8,543	2	509	18	3,379	5.7
West Midlands	AA	23	4,309	3	317	2	586	-	-	-
	NAA	47	6,276	24	3,101	6	882	6	814	2.3
South West	AA	136	17,992	84	9,080	14	6,465	23	3,584	4.2
	NAA	96	9,493	36	3,450	11	1,298	11	959	1.9
South East East Anglia	NAA	101	11,987	39	4,558	3	598	23	3,343	7.1
Total		1,749	292,826	954	169,590	199	56,758	516	95,800	4.7

(a) AA - Assisted Area, NAA - Non-Assisted Area

TABLE 4 FACTORY BUILDING COMPLETED 1988-89

Area Status (a)	Department of Trade and Industry	Advance Factories								Total	
		Private Sector		Rural Development Commission		Extensions and Custom Built					
		units	m ₂	units	m ₂	units	m ₂	units	m ₂	units	m ₂
North East	AA	74	17,162	-	-	37	4,501	2	12,956	113	34,619
	NAA	-	-	-	-	28	2,340	-	-	28	2,340
North West	AA	151	20,657	-	-	3	1,026	4	14,352	158	36,035
	NAA	-	-	-	-	44	5,314	1	325	45	5,639
Yorkshire & Humberside	AA	44	17,870	-	-	13	871	2	3,595	59	22,336
	NAA	-	-	-	-	41	3,785	1	386	42	4,171
East Midlands	AA	-	-	-	-	-	-	1	360	1	360
	NAA	-	-	-	-	27	4,184	4	950	31	5,134
West Midlands	AA	10	2,831	-	-	4	468	-	-	14	3,299
	NAA	-	-	-	-	14	1,999	-	-	14	1,999
South West	AA	24	9,615	-	-	22	2,047	-	-	46	11,662
	NAA	-	-	-	-	40	1,712	-	-	40	1,712
South East	AA	-	-	-	-	-	-	-	-	-	-
	NAA	-	-	-	-	62	9,104	2	4,029	64	13,133
Total		303	68,135	-	-	335	37,351	17	36,953	655	142,439

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 1988-89

Region	Number	Value £
North	18	176,461.38
North West	28	144,574.28
Yorkshire & Humberside	6	21,066.90
East Midlands	2	10,256.25
West Midlands	1	656.25
South West	1	5,833.33
South East	1	1,125.00
Total	57	359,973.39

TABLE 6 EXPENDITURE AND RECEIPTS IN RESPECT OF LAND AND FACTORY BUILDINGS IN 1988-89

£'000

<i>Expenditure (a)</i>	
Land Acquisition	2,890
Cost of works and modernisation of factories	54,101
	56,991
<i>Receipts</i>	
Net Rents (b)	16,772
Cash sales of land and buildings	30,612
Capital instalments of credit sales of land and buildings	353
Interest in respect of credit sales	243
Refunds (V.A.T.)	633
Other capital receipts	1,655
	50,268
Capital expenditure funded by the Development Commission for Rural England (c)	13,763

(a) Includes £11.35m capital expenditure at Chatham.

(b) Excludes £2.80m net rents and £3.73m capital receipts in respect of R.D.C. properties.

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

TABLE 7 ANALYSIS OF 1988-89 DTI CAPITAL EXPENDITURE

<i>Region</i>	<i>Expenditure (£'000s)</i>
North East	16,748
North West	14,724
South West	3,347
Yorkshire & Humberside	9,748
West Midlands	1,071
South East	11,353
Total	56,991

APPENDIX 12

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 1987-88</i>	<i>1988-89</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>						
589	633	59	166	102	536	1,888	81,102	68,503	525

(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 (except final approval *only* for schemes in North West).

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

(d) Where known.

APPENDIX 13

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

TABLE SUMMARY OF APPLICATIONS AND OFFERS TO 31 MARCH 1989

	Date of introduction	Closing Date for applications	Applications			Number	Offers		Payments (£'000)	
			Received	Rejected or withdrawn	Under consideration at 31.3.89		Project costs (£'000)	Assistance offered (£'000)	Cumulative	Year to 31.3.89
Schemes open for applications 31.3.89										
General										
Assistance for Exceptional Projects	12. 1.88	Not applicable	21	16	5	nil	nil	nil	nil	nil
Other										
Certification Schemes	April '83	Not applicable	54	12	6	36	9,000	2,288	1,766	625
Regional Enterprise Grants	1. 4.88	Not applicable	2,554	655	585	1,314		11,049	1,419	1,419
Total			2,629	683	596	1,350	9,000	13,337	3,185	2,044
Schemes closed for applications at 31.3.89 with transactions outstanding										
General										
Support for Major Projects	17. 7.79	12. 1.88	471	285	nil	186	688,675	69,469	51,459	2,103
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	26. 7.78	12. 1.88	204	38	nil	166	276,430	59,047	53,283	nil
Investment Support for Microelectronics	19. 3.84	12. 1.88	184	74	nil	150	144,635	36,048	26,904	659
Fibre Optics	27. 7.81	12. 1.88	35	9	nil	26	41,379	5,965	4,402	121
Advanced Manufacturing Technology (b,c)	8. 6.82	30. 6.86	612	271	nil	341	267,304	59,452	41,219	3,013
Quality Assurance	20. 6.83	19.12.86	693	181	nil	546	18,909	4,257	2,904	367
Coal Firing Scheme	22. 5.88	30. 6.87	911	481	nil	430	274,369	50,319	45,827	1,925
Total			3,876	1,929	nil	2,021	2,767,535	392,929	323,672	8,188
Schemes closed for applications at 31.3.89 with no transactions outstanding										
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
Innovation-Linked Investment Scheme	1. 6.83	22. 5.84	139	71	nil	68	11,985	2,239	1,426	nil
Total			20,157	4,802	nil	15,535	2,461,273	530,405	418,222	nil
Total (all Schemes)			26,662	7,414	596	18,906	5,237,808	936,671	745,079	10,232

- (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 14

General Investment Support For Major Projects

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1989

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	21	557,703	16	551,852	nil	nil	5	6,026	795	741
Wales	13	199,356	4	177,940	nil	nil	9	21,698	2,839	2,722
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	2,793
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	15,042
South West	35	200,594	25	165,386	nil	nil	10	38,986	3,060	2,431
West Midlands	122	424,408	59	252,317	nil	nil	63	162,748	20,770	16,684
North West	47	293,381	26	225,635	nil	nil	21	62,742	5,530	4,304
Total	471	2,908,879	285	2,231,924	nil	nil	186	668,675	69,469	51,459
Of which in year ended 31.3.89	-	-	1	10,000	-	-	-	-	-	2,103

TABLE 2 ASSISTANCE OFFERED BY TYPE OF INDUSTRY TO 31 MARCH 1989

Standard Industrial Classification Orders (SIC 1980)	Number	Project costs (£'000)	Assistance offered (£'000)
1. Energy & Water Supply Industries	2	7,803	1,190
2. Extraction of Minerals and ores, other than fuels; 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
Total	186	668,675	69,469

(a) Includes electrical & electronic engineering

APPENDIX 15

Assistance for Exceptional Projects

Successful applications for assistance under this programme will involve a major innovation and/or the introduction into the United Kingdom for 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 Section 5 of the Science and Technology Act 1965.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1989

<i>Region</i>	<i>Applications</i>					
	<i>Received</i>		<i>Rejected or withdrawn</i>		<i>Under consideration</i>	
	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Number</i>	<i>Project costs (£'000)</i>
Scotland	2	6,500	2	6,500	nil	nil
Wales	1	30,000	nil	nil	1	30,000
Yorkshire/ Humberside	2	19,000	2	19,000	nil	nil
South East	7	52,589	5	30,089	2	22,500
South West	1	10,000	1	10,000	nil	nil
West Midlands	5	61,295	4	21,295	1	40,000
North West	3	29,000	2	16,000	1	13,000
Total	21	208,384	16	102,884	5	105,500

APPENDIX 16

Small Firms Loan Guarantee Scheme

TABLE 1 GUARANTEES ISSUED FROM INCEPTION IN JUNE 1981 TO 31 MARCH 1989 BY REGION

<i>Region (a)</i>	<i>Number</i>	<i>Value £000</i>
Scotland	1,561	47.85
Wales	1,053	32.76
North East	1,014	30.96
Yorkshire & Humberside	1,697	49.70
East Midlands	1,377	46.29
South East	7,932	285.60
South West	2,020	62.96
West Midlands	1,823	57.48
North West	2,720	83.43
Northern Ireland	282	10.18
Total	21,479	707.21

(a) by standard DTI regions

TABLE 2 GUARANTEES ISSUED FROM 1 MAY 1986 TO 31 MARCH 1989 BY REGION

<i>Region (a)</i>	<i>Number</i>	<i>Value £000</i>
Scotland	302	10.81
Wales	297	9.85
North East	289	8.32
Yorkshire & Humberside	386	12.27
East Midlands	308	10.62
South East	1,489	53.02
South West	488	15.45
West Midlands	380	11.59
North West	548	16.54
Northern Ireland	80	2.49
Total	4,567	150.96

(a) by standard DTI regions

APPENDIX 17

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 assistance 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 1989, grants totalling £59.5 million had been offered for the installation of 341 systems, and £16.8 million towards 1101 Planning and Implementation Studies.

TABLE APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1989—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	9,843	2,102	1,624
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	7,895	1,871	1,492
Yorkshire and Humberside	41	35,641	18	15,553	nil	nil	23	20,391	4,895	3,179
East Midlands	53	59,916	31	44,143	nil	nil	22	15,981	3,680	1,827
South East	166	140,960	78	63,088	nil	nil	88	70,503	14,332	8,479
South West	68	46,838	23	30,089	nil	nil	45	17,213	4,869	4,017
West Midlands	124	129,186	52	52,796	nil	nil	72	69,672	16,381	12,384
North West	72	82,496	29	28,495	nil	nil	43	52,029	10,222	7,568
Northern Ireland	4	1,798	nil	nil	nil	nil	4	1,591	369	316
Total	612	585,461	271	301,285	nil	nil	341	267,142	59,290	41,117
of which in year ended 31.3.89	nil	nil	nil	nil	-	-	nil	nil	nil	3,013

APPENDIX 18

Investment Support for Microelectronics (MISP2)

APPLICATIONS AND OFFERS TO 31 MARCH 1989 INVESTMENT SUPPORT FOR MICROELECTRONICS (MISP2)

Region	Applications									
	Received		Rejected or Withdrawn		Under consideration		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	6	38,162	1	30,000	nil	nil	5	7,377	1,377	1,197
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	134
East Midlands	18	95,539	15	*93,613	nil	nil	3	1,005	210	121
South East	84	312,370	33	147,089	nil	nil	51	147,477	25,373	10,934
South West	23	153,772	15	111,930	nil	nil	8	41,933	4,914	4,189
West Midlands	4	3,589	1	2,163	nil	nil	3	1,125	278	141
North West	39	74,850	2	2,567	nil	nil	37	71,550	8,472	5,480
Mixed	5	6,102	4	3,705	nil	nil	1	2,397	839	484
Total	184	687,935	74	393,573	nil	nil	110	273,969	41,696	22,470
of which in year ended 31.3.89	nil	nil	5	34,587	nil	nil	nil	nil	nil	3,339

APPENDIX 19

Investment Support for Fibre Optics and Opto-Electronics

TABLE 1 APPLICATIONS AND OFFERS UNDER THE SCIENCE & TECHNOLOGY ACT 1965 TO 31 MARCH 1989
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	2	1,452	nil	nil	3	718	207	157
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	19	9,610	3	692	nil	nil	16	8,030	2,204	1,704
East Midlands	4	1,574	1	390	nil	nil	3	1,133	371	328
South East	133	135,846	26	19,390	nil	nil	107	114,327	27,090	19,857
South West	12	21,312	2	5,282	nil	nil	10	10,365	2,813	2,201
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	1,184
Mixed	1	32	nil	nil	nil	nil	1	32	32	32
Total	194	209,217	44	53,022	nil	nil	150	144,635	36,048	26,904
of which in year ended 31.3.89	nil	nil	8	7,260	nil	nil	3	1,849	752	659

Note:

Some of the data in the above table may not be comparative with figures shown in past reports. Computerised data has recently been corrected.

TABLE 2 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1989
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	436
South East	20	44,235	7	7,239	nil	nil	13	23,917	3,092	2,359
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
Total	35	63,559	9	8,198	nil	nil	26	41,379	5,965	4,402
of which in year ended 31.3.89	nil	nil	3	1,132	nil	nil	nil	nil	nil	121

Note:

Some of the data in the above table may not be comparable with figures shown in past reports. Computerised data has recently been corrected.

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 (eg net of VAT, Regional Development Grant, or any European Community Grant). Eligible costs must not exceed £100,000 and may include:

- (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 procedure, 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 and other quality assurance schemes based on similar principles.

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

QUALITY ASSURANCE SUPPORT SCHEME (QASS) APPLICATIONS AND OFFERS TO 31 MARCH 1989

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	nil	nil	30	910	243	146
Wales	15	661	7	224	nil	nil	9	458	97	63
North East	38	1,556	19	935	nil	nil	24	794	205	116
Yorkshire and Humberside	86	2,485	21	625	nil	nil	68	1,940	438	324
East Midlands	74	2,320	8	170	nil	nil	67	2,177	479	323
South East and East Anglia	190	8,146	50	2,161	nil	nil	147	6,032	1,347	944
South West	49	1,684	15	521	nil	nil	39	1,280	306	210
West Midlands	134	3,933	27	949	nil	nil	112	3,152	689	504
North West	63	2,606	21	926	nil	nil	49	2,066	433	274
N. Ireland	3	264	2	164	nil	nil	1	100	20	nil
Total	693	25,183	181	7,029	nil	nil	546	18,909	4,257	2,904
Of which, in year ended 31.3.1989	nil	nil	2	193	nil	nil	4	183	36	367

APPENDIX 21

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 22

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 gas fired 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 of modification of buildings associated with the projects.

The Scheme was open to commercial undertakings in

manufacturing, 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.

APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT TO 31 MARCH 1989

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	2,778
Wales	40	49,983	29	43,154	nil	nil	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	151	30,765	70	17,458	nil	nil	81	13,307	3,070	2,871
East Midlands	88	51,512	41	42,330	nil	nil	47	9,182	2,190	2,123
South East	173	148,470	106	65,313	nil	nil	67	83,157	15,521	13,220
South West	54	14,508	22	7,747	nil	nil	32	6,761	1,380	1,260
West Midlands	59	19,732	32	10,822	nil	nil	27	8,910	1,830	1,556
North West	205	160,870	105	90,164	nil	nil	100	70,706	14,412	13,431
N. Ireland	28	24,738	15	7,088	nil	nil	13	17,650	3,061	2,755
Total	911	611,749	481	337,380	nil	nil	430	274,369	50,319	45,827
of which in year ended 31.3.89										1,925

APPENDIX 23

Selective Investment Scheme

APPLICATIONS AND OFFERS TO 1 MARCH 1989 (a)

Region	Applications							
	Received		Rejected or Withdrawn		Offers			Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	
Scotland	41	1,239,179	8	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	24	203,389	20	171,448	4	31,941	2,880	2,880
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	28,836	58	126,505	15,016	13,128
North West	84	691,358	70	408,023	14	283,335	20,884	19,987
Mixed	16	180,384	13	174,484	3	5,900	634	626
Total	766	4,826,038	590	3,769,804	176	1,055,834	108,372	97,674
of which in year ended 31.3.89	nil	nil	nil	nil	nil	nil	nil	nil

(a) These figures reflect adjustments made to regional boundaries

APPENDIX 24

Microelectronics Industry Support Programme (MISP1)

APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1989

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 31.3.89										nil

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 1989

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 31.3.89										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 1989 payments of interest grant totalled £24.3 Million. 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 1989**

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1988	299	753,578
Guarantees given in year 1988-89	32	204,444
Repayments in year 1988-89 (a)	15	132,530
Guarantees current on 31 March 1989	316	825,492

(a) 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

LOCAL ENTERPRISE AGENCY GRANTS SCHEME (LEAGS) 1988-89

<i>Region (a)</i>	<i>Number of agencies assisted</i>	<i>Total payments (£'000)</i>
Northern	16	202,463
North West	38	433,272
Yorkshire and Humberside	14	167,000
West Midlands	17	182,550
East Midlands	20	232,400
South East	39	358,200
London	20	204,000
South West	29	293,673
Total	193	2,073,558

(a) by standard TA region.

LOCAL ENTERPRISE AGENCY PROJECTS SCHEME (LEAPS) PAYMENTS MADE UNDER SECTION II 1988-89

<i>Region (a)</i>	<i>Number of agencies assisted</i>	<i>Total payments (£'000)</i>
Northern	2	20,000
North West	4	44,132
Yorkshire and Humberside	3	27,000
West Midlands	3	9,150
East Midlands	1	7,500
South East	-	-
London	3	39,600
South West	-	-
Total	16	147,382

(a) by standard TA region.

APPENDIX 27

Management Education and Training

<i>Organisation</i>	<i>Description</i>	<i>Amount (£)</i>
Durham University Business School	Extension of previous commitment to New Enterprise Development Project which undertakes innovative work in the field of small firm training.	42,000
Durham University Business School	Contribution towards cost of Shell Technology Enterprise Programme which gives temporary placements to undergraduates in the summer between their 2nd and 3rd year.	29,000
Warwick SME Centre	Extension of previous commitment to Centre which undertakes innovative work in the field of small firms training.	17,500
Understanding Industry	Further contribution towards cost of running residential training courses for teachers/lecturers to encourage the spirit of enterprise in schools.	15,000
Graduate Employment Matching Service	Contribution towards cost of pilot database to link higher education institutions with the small firms sector and providing an employment matching service.	15,000
Hobsons Casebooks	Contribution towards cost of nine case studies of graduates who have set up their own businesses.	10,292
United Kingdom Enterprise Management Research Association	Contribution towards the cost of formalising the union of various small firms policy and research bodies and the setting up of a research register and database.	10,000
Institute of Marketing	Further contribution towards the cost of running seminars to educate small firms owner/managers about marketing.	8,052
Industry Matters	Contribution towards the cost of a one-off production and issuing of a newsletter devoted to areas of importance to small firms.	5,000
West Midlands Regional Enterprise Unit	Contribution towards the cost of running a seminar on how to franchise your business.	1,200
	Total	153,044

The Consultancy Initiatives

Objectives and Scope

The aim of the Consultancy Initiatives is to improve the competitiveness of small and medium-sized enterprises by improving the quality of management through subsidised consultancy in key strategic functions, thereby encouraging the use of external advice as a regular part of management strategy. The management functions covered are:

- Business Planning (to assist firms to define objectives and identify the resources and skills needed to meet them)
- Design (as an integral part of business strategy, including product development and presentation and assessment of firms' approach to design)
- Financial & Information Systems (covering all areas of financial and management data and accounting as a basis for decision making and control)
- Manufacturing Systems (to assist firms to review and adopt a flexible approach to production operations, and to bring forward the use of new technologies)
- Marketing (to help firms develop an overall marketing strategy and set up a marketing action plan, in home and/or export markets)
- Quality (covering the introduction of new or more appropriate quality management systems and advice on how to meet BS 5750 and related standards)

Eligibility

The Consultancy Initiatives are available to independent firms and members of groups of under 500 employees in Great Britain (with a few exceptions, chiefly agriculture, forestry, fishing and energy). Each firm or member of a group may receive support for up to two projects (under different Initiatives) of from 5 to 15 days of consultants' time. DTI contributes half of the cost (two-thirds in Assisted areas and Urban Programme Areas).

Procedure

Applicants for assisted consultancy receive an initial, free Business Review of up to two days by an Enterprise

Counsellor (a business person of many years' management experience) to assess the needs of the firm and its ability to benefit from assisted consultancy. The Business Review also provides signposting to other public and private sector assistance where appropriate.

If the Enterprise Counsellor recommends assisted consultancy, the case is referred to one of the Department's independent Scheme Contractors to match an appropriate consultant to the firm's needs and oversee the project (including approval of terms of reference agreed between the firm and the consultant, and of the consultant's final report). Consultants are eligible to be listed for work under the Initiatives if they either have two years' experience of independent operation or five years' previous experience and one year of independent operation and can demonstrate that they have the appropriate expertise and skills.

The principal Scheme Contractors are:

3i Enterprise Support Ltd (for the Business Planning and Financial & Information Systems Initiatives)

Design Council (for the Design Initiative)

Production Engineering Research Association (for the Manufacturing Systems and Quality Initiatives)

Chartered Institute of Marketing (for the Marketing Initiative)

The final stage in the delivery of the Consultancy Initiatives is a short Post Completion Visit by the Enterprise Counsellor to review the effectiveness of the project and the firm's satisfaction with the consultant, and to discuss implementation of the consultancy recommendations.

Evaluation

Independent evaluation of the Consultancy Initiatives is carried out through sample surveys of two panels of some 420 firms, with a first interview shortly after the completion of the project to identify the firm's intentions on implementation of the consultant's recommendations and expected benefits, the second 18 to 24 months later to identify actual benefits both to the firm and to the national economy.

TABLE 1 APPLICATIONS TO 31 MARCH 1989

Region	Applications Received	Applications not Recommended for Consultancy		Projects Approved	Projects Completed	Actual Spend (£'000) ^a
		Pre Business Review	At Business Review			
Scotland	1,696	57	154	1,279	369	1,383
Wales	1,348	45	327	877	252	794
North East	1,192	23	203	823	209	570
Yorkshire & Humberside	2,264	106	353	1,495	450	1,263
East Midlands	1,410	39	241	1,000	323	750
South East	7,019	144	1,273	4,434	1,164	2,935
South West	2,181	39	561	1,211	302	778
West Midlands	2,447	73	454	1,615	479	1,267
North West	3,464	121	494	2,561	734	2,055
Total	23,021	647	4,060	15,295	4,282	11,795

^aActual Spend Consultancies — including Business Reviews

TABLE 2 PROJECTS APPROVED BY ASSISTED AREA AND URBAN PROGRAMME AREA TO 31 MARCH 1989

<i>Region</i>	<i>Projects Approved</i>	<i>AA/UPA %</i>
Scotland	1,279	88.6
Wales	877	89.2
North East	823	95.1
Yorkshire and Humberside	1,495	81.2
East Midlands	1,000	33.2
South East	4,434	16.7
South West	1,211	32.9
West Midlands	1,615	71.6
North West	2,561	74.4
Total	15,295	55.5

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

(b) For the purpose of the Consultancy Initiatives, Urban Programme areas in England, Wales, Edinburgh and Aberdeen are defined as the local authority in which the Department of Environment UPA is located. All other Scottish UPAs are defined as the actual wards constituting the UPA.

TABLE 3 PROJECTS APPROVED BY INDUSTRIAL SECTOR TO 31 MARCH 1989

<i>Region</i>	<i>Total</i>	<i>Production %</i>	<i>Services %</i>
Scotland	1,279	54.9	45.1
Wales	877	58.9	41.1
North East	823	57.9	42.1
Yorkshire and Humberside	1,495	62.0	38.0
East Midlands	1,000	64.4	35.6
South East	4,434	43.5	56.5
South West	1,211	49.4	50.6
West Midlands	1,615	65.3	34.7
North West	2,561	59.7	40.3
Total	15,295	54.8	45.2

TABLE 4 PROJECTS APPROVED BY SIZE OF FIRM TO 31 MARCH 1989

<i>Region</i>	<i>Total</i>	<i>Size of Firm (%)</i>				
		<i><10</i>	<i>10-24</i>	<i>25-99</i>	<i>100-199</i>	<i>200-499</i>
Scotland	1,279	29.2	22.8	31.8	9.9	6.3
Wales	877	36.9	22.1	33.5	5.4	2.1
North East	823	37.4	26.5	26.1	8.2	1.9
Yorkshire and Humberside	1,495	23.2	27.4	36.4	7.9	5.1
East Midlands	1,000	27.0	25.2	34.5	9.2	4.2
South East	4,434	41.0	23.6	27.1	5.9	2.3
South West	1,211	41.1	25.9	26.3	5.0	1.8
West Midlands	1,615	25.4	26.4	37.3	8.0	2.9
North West	2,561	29.6	27.6	32.5	7.2	3.1
Total	15,295	33.4	25.2	31.1	7.1	3.2

APPENDIX 29

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 1989.

Industrial Development Advisory Board

Chairman

Sir Ronald Halstead, CBE

Members

Mr. P. Benton
Mr. C. N. Davies
Mr. P. J. Grant
Mr. J. Hewitt
Mr. G. R. Mackenzie
Mr. J. W. Melbourn
Mr. H. G. Mourgue
Mr. L. J. Weaver
Mr. A. E. Wheatley

Scottish Industrial Development Advisory Board

Chairman

Mr. D. J. MacLeod, CBE

Members

Mr. Y. Ali, OBE
Mr. K. Fox, OBE
Mr. T. Johnston, OBE
Mr. J. M. Little, CBE
Mr. A. Merrills, OBE
Mr. D. M. Paterson
Mr. J. C. Shaw
Mr. A. K. Smith, CBE
Mr. B. Fox
Mr. J. J. G. Good

Welsh Industrial Development Advisory Board

Chairman

Mr. P. J. Phillips, OBE

Members

Mr. L. M. Davies, OBE, JP
Dr. A. J. S. Folwell
Mr. K. Hodge
Mr. D. Jenkins
Mr. P. A. G. Mullens, 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. I. R. Dewhirst
Dr. R. Hawley
Dr. R. Iley, CBE
Mr. D. R. C. Kelly
Mr. R. A. N. McKechnie, MBE
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
Prof. J. C. Higgins
Mr. H. S. Johnson
Mr. N. H. W. Lee
Miss. B. Paton
Mr. B. J. Spencer
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