

# Industrial Development Act 1982

## Annual Report

by the Secretaries of State for Trade and Industry,  
Scotland and Wales  
for the year ended 31 March 1994

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

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*Ordered by The House of Commons to be printed  
20 July 1994*

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Scotland and Wales

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## LIST OF ABBREVIATIONS

AEP	Assistance for Exceptional Projects
CAT	City Action Team
CI	Consultancy Initiatives
DTI	Department of Trade and Industry
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EIEC	English Industrial Estates Corporation
ERDF	European Regional Development Fund
ERGS	Exchange Risk Guarantee Scheme
ERM	Exchange Rate Mechanism
HCSS	Home Credit Scheme for Shipbuilding
IDAB	Industrial Development Advisory Board
NEIDB	North East Industrial Development Board
NWIDB	North West Industrial Development Board
RDC	Rural Development Commission
RDG	Regional Development Grant
REG	Regional Enterprise Grant
RECHAR	European Regional Development Fund Community Programme for Coal Mining Areas
RENAVAL	European Regional Development Fund Community Programme for Shipbuilding Areas
RSA	Regional Selective Assistance
SFLGS	Small Firms Loan Guarantee Scheme
SIDAB	Scottish Industrial Development Advisory Board
SIF	Shipbuilding Intervention Fund
SWIDB	South West Industrial Development Board
TEC	Training and Enterprise Council
TTWA	Travel to Work Area
WIDAB	Welsh Industrial Development Advisory Board
WMIDB	West Midlands Industrial Development Board
YH/EMIDB	Yorkshire and Humberside and East Midlands Industrial Development Board

# The Assisted Areas at 1.8.93



Development Areas and Intermediate Areas as defined by DTI at 1.8.93



# Industrial Development Act 1982

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

## Introduction

1. This Report, for the year ended 31 March 1994, describes the exercise of powers under the Industrial Development Act 1982 referred to in Sections 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 1994.

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 the Assisted Areas 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) continues. Payments under the Regional Development Grant schemes in 1993-94 totalled in England £2.7 million (£0.2 million on the original scheme and £2.5 million on the revised scheme); in Scotland £2.7 million (£2.1 million and £0.6 million respectively); and in Wales £4.7 million (£0.1 million and £4.6 million respectively). Further details are at Appendix 4.

## Regional Enterprise Grants

6. The Regional Enterprise Grant (REG) 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. It is available for both investment and innovation projects.

## Regional Investment Grants

7. Grants are available for projects taking place in Development Areas; and localities affected by colliery closures; *and* if the firm has fewer than 25 full-time (or equivalent) employees.

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 and second-hand), buildings, purchase of land and site preparation and vehicles used solely on site. Applicants are required to show that the investment grant is necessary if their project is to go ahead.

## Regional Innovation Grants

8. Grants are available for projects taking place in Development, Intermediate, EC Objective 2, Task Force, City Challenge; and certain Scottish Inner Urban areas or localities affected by colliery closures; *and* if the firm has fewer than 50 full-time (or equivalent) employees.

Assistance is available at 50 per cent of eligible costs up to a maximum grant of £25,000 for projects which lead to the development and introduction of new products or processes. Projects aimed at product development need to show an improvement or advance in the firm'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 project must be innovative to the applicant and a degree of novelty and technical risk must be involved.

9. Service sector projects which serve primarily a local market (such as retailing) would not normally qualify for an investment grant. Banks and insurance companies are not eligible, under the terms of Section 8 of the Act. A business can receive only one investment grant but can receive more than one innovation grant.

10. Applicants have to prove that both the business and the project are viable. An applicant has to submit a completed application form; up to date accounts; a business plan (showing details of the project in the context of present and future business development) and in some cases a cash flow projection.

11. The Regional Enterprise Grant (REG) scheme became part of the Single Regeneration Budget, and the responsibility of the Department of the Environment, in April 1994.

It is administered by the Government Offices for the regions (in England only), the Scottish Office Industry Department and the Welsh Office Industry Department.

12. During the year businesses in Great Britain submitted 2,145 applications. Offers of grant valued at £17.8 million were accepted in respect of 1,207 cases. Fuller statistical details are contained in the tables at Appendix 5.

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

13. The purpose of providing Regional Selective Assistance (RSA) under Section 7 of the Act is to encourage sound projects which will improve employment opportunities in the Assisted Areas. Projects qualifying for assistance fall into two broad categories; new projects and expansions which create additional employment and projects for modernisation or rationalisation which maintain or safeguard existing employment. The criteria for RSA are set out in Appendix 6.

Set out below are brief details of RSA applications received and offers accepted by industry during 1993-94. Offers may relate to applications received in prior years.

	Applications		Offers accepted	
	No.	Value £m	No.	Value £m
England	1,604	359	965	115
Scotland	307	123	239	132
Wales	314	145	192	95
Great Britain	2,225	627	1,396	342

Further details are at Appendix 7.

### **European Regional Development Fund (ERDF)**

14. The European Regional Development Fund (ERDF), one of the three European Community Structural Funds, came into operation in its present form on 1 January 1989. On 1 January 1994 it entered a second programme period which will run until 31 December 1999. Although most of the grants received from the ERDF are for infrastructure projects, it also part finances Government and locally initiated business development measures.

15. ERDF grants are allocated through a number of Community Support Frameworks in areas defined by the Commission under Objectives defined in the Structural Funds EC regulations. These are: Objective 1 (regions lagging behind in development), Objective 2 (regions seriously affected by industrial decline) and Objective 5(b) (promoting development of rural areas). ERDF grants in

1993-94 for business development measures in Great Britain amounted to £33 million of which £7.2 million contributed to Consultancy Initiative (CI) measures and £2.6 million contributed to Regional Enterprise Grant (REG) in areas eligible for the ERDF. The rest contributed to locally initiated measures.

16. The ERDF also contributed £1.7 million to total expenditure of £3.3 million for Flexible Business Support Measures available in areas eligible for assistance under the RECHAR and RENAVAL Community Initiatives.

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

#### *Exchange Risk Guarantee Scheme*

17. The Exchange Risk Guarantee Scheme, operated under Sections 7 and 8 of the Act, encourages private industry in Great Britain in European Coal and Steel Community (ECSC) closure areas, designated by the European Commission, to take advantage of foreign currency loans from the ECSC, where these offer significantly lower rates than sterling loans, by providing a guarantee against the exchange risk. The borrower accepts only a sterling liability and the Government takes on the exchange risk in return for an annual premium on the outstanding value of the loan. The scheme applies to loans for manufacturing industry and certain service activities which qualify for Regional Selective Assistance.

18. On 25 October 1993 the Exchange Risk Guarantee Scheme closed to applications for exchange risk cover in respect of new global loans negotiated between United Kingdom intermediaries and the European Commission after that date. At 31 March 1994 loans totalling £1,113.5 million attracting exchange risk cover had been made and cumulative losses of £139.5 million incurred. Future liabilities under these arrangements cannot be accurately quantified. Further details are at Appendix 8.

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

#### *Improvement in Basic Services*

19. During the year, 129 applications were received for grant towards improvement of basic services in the Assisted Areas. At 31 March 1994 grants totalling £9.6 million had been approved towards 139 schemes costing some £66.1 million. Further details are at Appendix 9.

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

20. The English Industrial Estates Corporation (EIEC), under the English Industrial Estates

Corporation Act 1982 (as amended by the Industrial Development Act 1985), produces its own audited accounts to be laid before Parliament.

21. During 1993-94 the total capital expenditure by EIEC on behalf of DTI was £65 million. Most of this expenditure was funded by EIEC itself principally through £52.7 million capital receipts from assets sales.

22. On behalf of the Rural Development Commission (RDC), EIEC expenditure amounted to £3.8 million (in respect of 100 per cent schemes). During the year the RDC portfolio generated some £0.8 million net rents and £12.7 million capital receipts.

23. In total, EIEC completed 234 industrial and commercial premises comprising 57,566 square metres of floorspace. At 31 March 1994 a further 67,710 square metres were under construction. EIEC's total stock at this time amounted to 1,186,106 square metres.

Further details are at Appendix 10.

EIEC was absorbed by English Partnerships, a body to be sponsored by the Department of the Environment, in April 1994.

## Other Measures

### *Cumbria Action Team*

24. The Cumbria Action Team, which commenced operations on 1 July 1991, was set up to represent Government interests and co-ordinate Government action at a local level. The team works alongside other agencies to create new employment opportunities, particularly in relation to inward investment, the strengthening of existing businesses and tourism. Partnerships have developed between the public and private sectors and the team has contributed fully towards the strengthening of a co-ordinated strategy for the area.

A Special Fund was established to assist the actions of the team. Of the £1 million to be used over three years, £887,440 had been paid out in support of 27 projects by 31 March 1994. For the financial year 1993-94, £470,949 was paid in support of 17 different projects.

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

25. 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 1994 are set out in paragraphs 26 to 33 below. Information on measures that closed for application before 31 March 1994 and on which payments were made during the year is set out in paragraphs 34 to 38.

Details of all Section 8 Measures are at Appendix 11.

## Measures open for application at 31 March 1994

### *Small Firms Loan Guarantee Scheme*

26. The Scheme offers guarantees to potentially viable small firms unable to raise conventional finance because they lack either security or a business track record. The Scheme was enhanced in July 1993 to provide further help for growing small firms and to cut the cost of a loan for all borrowers by reducing the premium paid to the Department in return for a guarantee. An 85 per cent guarantee is available on loans of up to £250,000 to established businesses which have been trading for two years or more. For other businesses, including start-ups, the guarantee is 70 per cent on loans of up to £100,000. Loans over periods of between two and seven years are provided by participating banks and other financial institutions who take responsibility for commercial decisions affecting borrowers. On loans with a variable interest rate a 1.5 per cent premium is charged whereas 0.5 per cent is charged on fixed rate loans.

27. For businesses based, or wishing to be based, in one of the Inner City Task Force or City Challenge areas the guarantee is 85 per cent. A premium of 0.5 per cent is charged on all loans in these areas. Smaller loans of £30,000 or less are subject to simplified administrative procedures which enable the lender to approve applications without first referring them to the Department, thus speeding up the lending decision.

28. Since the start of the Scheme in June 1981, to 31 March 1994, a cumulative total of 37,191 guarantees have been issued covering loans to a value of over £1.17 billion. The enhancement of the Scheme in July 1993 has led to an increase in Scheme usage to the highest level since 1984. At Appendix 12 are two tables, one showing the number of guarantees issued since 1981, the other showing guarantees issued since 1 July 1993 when the scope of the Scheme was extended.

### *Support Programme for Chambers of Commerce and Industry*

29. The programme aims to help Chambers of Commerce and Industry implement the Development Strategy adopted by the Association of British Chambers of Commerce (ABCC) in October 1990. The plan is to restructure the Chambers' movement into a network of Approved Chambers, each capable of providing a comprehensive range of business support services. Thirty such Chambers are either in place or well on the way to delivering the specified range of services. Applications for DTI support closed on 31 March 1994.

The Department is funding 50 per cent of the salary related costs of a Development Executive, whose task is to establish an Approved Chamber capable of delivering a range of high quality business services including provision of information, support for exporters, training and representation. In addition, the Department has

provided grants and a loan towards the establishment of Chambernet, a newly created data base of Chambers' member businesses which also provides access to other business service data bases.

To year ended 31 March 1994, DTI part funded 16 placements at a cost of £233,000. The Department also provided the second, and final, loan instalment of £50,000 for Chambernet, bringing the total loaned to £150,000. The loan will be repaid during 1994-95 and 1995-96.

### *Energy Management Assistance Scheme*

30. This scheme is administered by the Department of the Environment. The scheme provides help with the cost of consultancy for managing energy efficiency projects in small and medium-sized businesses, who may not have their own "in-house" energy management capability. An organisation will meet the requirements of the scheme if they have fewer than 500 employees worldwide.

Assistance with consultancy costs will be given in three stages:

- (a) 50 per cent of consultancy costs of the identifying opportunities stage;
- (b) 50 per cent of the consultancy costs of the project design stage;
- (c) 70 per cent of the consultancy costs of the project management stage.

A further claim to bring the total grant to 10 per cent of project costs will be possible upon completion of the project, provided the consultant's costs equal or exceed this amount.

Payments of some £1.5 million were made during the year ended 31 March 1994. The budget for the financial year 1994-95 stands at £1.7 million.

### *Coal Subsidy Scheme*

31. The Government decided in the course of the Coal Review to accept the Trade and Industry Select Committee's recommendation that a subsidy be granted to encourage additional sales to the generators. The Committee had concluded that if prices could be brought down to levels competitive with imported coal, there was potential for more British coal to be sold into the electricity market. The policy was announced in the White Paper *Prospects for Coal*, when the Government indicated that it was willing to provide short term financial support to coal producers who could secure a genuinely additional market for deep mined coal, for electricity generation, at world market prices, where this was consistent with the relevant European provisions. The scheme is administered by the DTI and provision is available for grants up to the end of March 1995.

32. The aim of the subsidy is to give pits which are currently facing difficulty time to achieve the improvements in productivity and cost reductions

needed in order to become competitive. Applications are assessed on a case by case basis taking into account a range of factors, including the price paid for the coal, which should be related to world market prices, current and projected production costs, and the financial performance of the pit. Under the EC Coal State Aids Decision the subsidy can only be made available to cover operating losses.

33. In July 1993 the House of Commons authorised<sup>1</sup> the payment of up to £120 million under Section 8. Four offers of subsidy had been made as at 31 March 1994, two to British Coal and two to the private sector. These cover deliveries of coal up to 31 March 1995. As at 31 March 1994 the European Commission had approved payment in respect of production in 1993, but payments in respect of later production were still awaiting authorisation from the Commission. At 31 March 1994 a cumulative total of £651,966 had been paid.

### **Measures closed for application before 31 March 1994 with payments made during the year**

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

34. This measure of support which was closed to applications on 16 December 1991, was designed to encourage the development of third party certification schemes in line with one of the major recommendations of the White Paper on Standards, Quality and International Competitiveness (Cmnd. 8621). The measure was introduced in April 1983 with an allocation of £0.5 million a year. Grants up to 30 per cent (exceptionally 50 per cent) of initial deficits were available.

35. During the course of the year, two existing certification bodies received assistance to extend the scope of their activities, producing six new schemes in total. At 31 March 1994, payments of grants totalling some £2.7 million had been made. Further details are at Appendix 11 and Appendix 13.

#### *Assistance for Exceptional Projects*

36. This scheme, the main provisions of which were described in paragraph 34 of the Annual Report for 1992-93, was suspended during the whole of 1993-94 and no new applications were accepted.

37. At 31 March 1994 three offers of assistance totalling £25 million had been made (including the offer of £20 million towards Aylesford Newsprint Ltd's newspaper recycling project at Aylesford, Kent referred to in paragraph 35 of last year's Annual Report). Payments of £3 million were made during the year to bring total payments under the scheme to £7.9 million. Further details are at Appendix 14.

38. It was announced in March that the scheme would remain suspended, at least for the first three months of 1994-95.

<sup>1</sup> HC Deb (1992-93) Vol 228 c. 122-145.

## Individual applications under Section 8

39. Cases that cannot be assisted under Assistance for Exceptional Projects and which do not qualify for assistance under other support measures can on an exceptional basis, be helped under the general powers of Section 8, subject to Treasury and European Commission approvals. Assistance for a case reported previously was withheld in 1993-94.

40. This was to Carnon Holdings Ltd. The project aims to secure the continuation of tin mining and employment in Cornwall. In February 1991 the Secretary of State for Trade and Industry decided that the Department could not properly make any further advances because he was not satisfied as to the continuing viability of the project. Cumulative payments under the £10 million interest free loan offered in 1988 remained at £8.351 million at 31 March 1994.

### *Film Commission of the United Kingdom (The British Film Commission)*

41. This company, set up by the Department of Trade and Industry, was launched on 12 May 1991. The British Film Commission aims to actively encourage overseas film and television producers to make use of United Kingdom studios, locations, post-production facilities, creative and technical personnel. In addition, they help to co-ordinate the work of other national, area, and local commissions, so as to help make available a comprehensive information service to producers inquiring about locations, facilities etc. Responsibility for the Commission was assumed by the Department of National Heritage with effect from 1 May 1992.

Total grant provided to the British Film Commission at 31 March 1994 was £2.7 million. This was used to cover the establishment and operational costs of the Commission.

### *Proshare*

42. Proshare is a private body which was established on 20 February 1992 to promote and encourage wider and deeper share ownership. Initial funding was provided by donations from industry, the financial services sector and Government. The Department of Trade and Industry offered financial assistance of a maximum of £250,000 a year for a period of three years beginning in 1991-92, when the organisation was known as Share Ownership Limited. A total of £750,000 had been paid to Proshare at 31 March 1994, of which the final tranche of £250,000 was paid in the year 1993-94. Proshare is now self-financing and offers a range of chargeable services for private investors and companies.

## Special Assistance to Shipbuilding and Associated Industries

### *Shipbuilding Intervention Fund (SIF)*

43. Aid to shipbuilding within the European Community is regulated by the Seventh Directive on Aid to Shipbuilding which has been extended for 12 months and now runs from 1 January 1991 to 31 December 1994. The Directive is permissive and Member States may provide any level of support up to the ceiling which is subject to annual review. For 1994 it has been set at 9 per cent of building costs for ships costing ecu 10 million or more and 4.5 per cent for ships costing less than that amount. The United Kingdom is offering support up to those maximum permitted levels, except that grants will not be offered for ships costing less than £1 million. These arrangements may be subject to review in the light of the outcome of OECD negotiations on the elimination of shipbuilding subsidies.

44. During the past financial year grants of £4.0 million were awarded to secure orders for eight ships totalling 20,236 tonnes. Total grants awarded from the inception of the Shipbuilding Intervention Fund in February 1977 to 31 March 1994 amount to £512.5 million covering orders for 374 ships totalling 2.67 million tonnes.

## Assistance under Part III of the Industry Act 1972

### *The Home Credit Scheme*

45. The Scheme continued through 1993-94. During the year 44 loans were repaid early. This significantly higher number than in previous years can be explained by the drop in commercial interest rates inducing ship owners to re-finance their loans in the market place. At 31 March 1994 the total amount of principal guaranteed was £557 million. Further details are at Appendix 15.

## Assistance under Section 11 of the Industrial Development Act 1982

### *The Enterprise Initiative: Consultancy Assistance*

46. Consultancy assistance is a major element of the Government's Enterprise Initiative, launched on 13 January 1988. Its objective is to improve the competitiveness of small and medium-sized enterprises by improving management performance through subsidised consultancy projects in key functions such as business planning, design, financial and management information systems, manufacturing and services systems, marketing and quality.

47. The 1993 DTI Public Expenditure White Paper made provision for 10,000 supported consultancies in 1993-94. To March 1994, 135,800 applications have been received and 97,700 approved for consultancy. Further details are given in Tables 1 to 4 of Appendix 16.

### *The 'Managing into the '90s' Programme*

48. The programme was launched in 1989 and aims primarily to stimulate management best practice and to assist small and medium-sized enterprises in their development of a competitive response to the challenges of the '90s. The programme emphasises the need to adopt an integrated approach and to innovate and manage the resulting need for change. It provides information and advice on the adoption of best practice in marketing, design and successful product development, quality, production, management of information and purchasing and materials management.

49. The programme offers seminars and workshops, visits to exemplar companies, a roadshow based on a mobile unit, and a main brochure with a range of follow-up literature and videos. £3.7 million was spent in delivering the programme in the year ended 31 March 1994, of which £1.8 million was derived from the Industrial Development Act 1982.

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

#### *Support to small and medium-sized firms from Training and Enterprise Councils*

50. In 1993-94, £32 million was made available by the Department of Trade and Industry to Training and Enterprise Councils (TECs) in England to provide a range of support services to small firms. TECs play an important strategic and practical role in raising the effectiveness of local businesses by improving the quality of local business support and providing a range of subsidised consultancy services and innovative projects to meet the needs of local businessmen.

51. In addition to the above, the funding is used to provide information and advice services; business counselling for new and existing businesses—including one-to-one counselling for survival, business growth and development; business diagnostic services; business skills training—including skill seminars, masterclasses, action learning groups; and open learning programmes, particularly for managers and owner managers of small firms.

#### *Business Links*

52. One of the most challenging roles currently facing TECs is to build on existing partnerships with other local agencies, especially Chambers of Commerce, Local Enterprise Agencies and Local Authorities, to establish the national network of Business Links providing high quality services to businesses. Business Links are part of a broader aim to improve the competitiveness of all firms to ensure that companies are able to respond to the

challenges of the 1990s in terms of their products, technology, management, quality marketing and customer focus.

53. The prime purpose of Business Links is to provide a single point of access to high quality local business support through the creation of effective partnerships between the main local business support organisations led by the TEC, Local Authority and Chamber of Commerce. Partners will co-locate their staff, integrate and rationalise their services and offer a coherent and credible support service for the established businesses in their area.

54. This plan to revolutionise the delivery of support services for business is now well underway, with over 30 Business Links already operational. The aim is that by the end of 1995 every firm in England will have access to Business Links.

### **Other Matters and Developments in 1993-94**

#### **Inward Investment**

55. 1993-94 was another very busy year for the promotional activities of the Invest in Britain Bureau. In the year ending March 1994 these included three major and four regional seminars in Japan, three regional seminars in Taiwan and two regional seminars in Hong Kong. There were five inward missions—two from Korea, two from Japan and one from Taiwan. In Europe there was a total of six seminars including two from Switzerland, one from Germany and two from Denmark. There was also a total of four inward missions, two German Industrialists, one German Multiplier and one Norwegian Journalist. In addition the IBB had a formal presence at two trade fairs, one in Germany and one in Sweden. In North America the IBB continued to pursue an extensive programme of visits to potential inward investors.

56. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the United Kingdom in 1993-94, 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. However during the year ending 31 March 1994 the Invest in Britain Bureau has recorded a total of 404 decisions to invest or expand investment in the United Kingdom with 96,099 jobs associated with these in the long term. The figures are based on information provided by the companies at the time of the announcement to invest and include only those projects where the Department's Invest in Britain Bureau and its regional partners were involved or which have come to their notice. They take no account of subsequent developments.

57. 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 1993 offers of £157.6 million were made under Section 7 to such companies for 145 projects estimated to cost £1,093.3 million.

### **Publication of Assistance Offered**

58. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1994 were published in the Employment Gazette in the issues dated October 1993, January, April and July 1994. In accordance with arrangements outlined in last year's report publication was limited to offers of grant of £75,000 or more.

59. Details of payments of Regional Development Grants above certain thresholds were published in the Employment Gazette in the issues dated November 1993, February, May and August 1994. For the original scheme the threshold was individual payments of £25,000 or more and for the revised scheme the threshold was payment to individual undertakings in a Travel-to-Work Area which cumulatively total £100,000 or more.

### **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 Sections 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 17. Commentaries by each of the boards follow.

### **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. Seven meetings were held to discuss nine applications for assistance, all under Section 7, and a further case was considered by correspondence. The Board found that all of the applications met the relevant criteria for assistance to projects that create or safeguard employment in the Assisted Areas and recommended support.

Amongst the projects considered were several 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. However, although 1993-94 saw a welcome reversal of the downward trend of recent years, the Board remains concerned that there were not more projects coming forward which as well as making an important contribution to the region, also brought significant wider benefits.

The Board, together with the Chairmen of the five English Regional Industrial Development Boards, was pleased to meet the Minister for Industry in January. The Minister invited the meeting to comment on the role and effectiveness of the Regional Selective Assistance scheme and on whether, and if so how, the scheme could be refocused to give more emphasis to projects which make a substantial contribution to national competitiveness.

In response, the Board suggested that RSA should be regarded by Government as long-term investment rather than expenditure for short-term gain. The return on relatively modest sums of public money is also very worthwhile in terms of wider benefits. Consequently, providing that financial support is targeted effectively, Board members would support more resources being made available for the scheme. The Board recognises that in areas of high and persistent unemployment, creating jobs which would be filled locally, whatever the quality of the project, can bring significant regional and economic benefits. At the same time, some projects could bring wider benefits in terms of promoting long-term sustainable economic growth which might justify higher levels of assistance.

Such projects might for example bring new technology; management and shopfloor skills; spin-off benefits for local companies and suppliers in terms of significant secondary job creation and transfer of skills; and improvement of the United Kingdom industrial base with import substitution and potential export benefits. A method for incorporating these considerations into the assessment of projects is now being worked up under the guidance of the Board and the Regional Industrial Development Boards.

During the year the Government also announced the merging of the regional offices of four Government Departments into a single organisation. The Board hopes that this initiative will bring a better focus to Government efforts in the regions particularly over the regeneration of areas most in need of renewal, and welcomes the establishment of the Single Regeneration Budget which will facilitate this.

In October 1993 Sir Ronald Halstead CBE retired from the Board. The Board wishes to express its warmest thanks for the time and effort he generously devoted to its work over 10 years, first as a member from 1983 and then as Chairman from 1985—the longest-serving Chairman since the Board

was set up in 1972. The Board also wishes to thank Mr John Eccles upon his retirement from the Board, for his valuable contribution to its activities. Two new members, Mr Martin Taylor and Mr Matthew Bullock, were appointed during the year.

SIR ANTHONY CLEAVER  
*Chairman*

## Scottish Industrial Development Advisory Board

### *Industrial/Economic Background*

It is widely accepted that the recession in Scotland was less marked than in the United Kingdom as a whole. This was largely due to the buoyant North Sea oil sector, strong export performance by Scottish companies and hence less dependence on weak domestic demand and relatively low levels of borrowing by Scottish households during the late 1980s. These factors are still working to maintain a healthier state in the economy in Scotland. Indeed, latest figures show that in 1992 capital expenditure on North Sea projects represented over a fifth of total United Kingdom industrial investment. This investment has undoubtedly had positive multiplier effects on the domestic economy. In addition, export survey evidence continues to be extremely encouraging with provisional figures for 1993 from the Scottish Council Development and Industry reporting 12 per cent growth in Scottish manufacturing exports to a new record level of just under £11 billion.

All the independent forecasters expect Scottish GDP growth to have remained positive in 1993 at an average of 1.5 per cent. Recent figures from the Index of Production and Construction, which accounts for approximately 40 per cent of Scotland's GDP, show encouraging results for the third quarter of 1993 with industrial output rising by 2.8 per cent after two successive quarterly declines. Manufacturing experienced particularly strong growth of 5 per cent, although output remained below the peak of 1990. The construction sector showed a slight decline; however, the trend is positive with output in the previous quarter reaching its highest recorded level.

Business survey evidence provided by the CBI and the Scottish Chambers of Commerce confirms the positive assessment of business activity in Scotland gathering some speed in 1993. Business confidence and demand have continued to rise across all principal sectors and, while initial results for the first quarter of 1994 suggest some slowdown in this rate of growth, expectations are for faster growth in the second quarter. The Scottish Chambers also reported that manufacturing investment intentions in plant and machinery and investment intentions in the retailing and wholesaling sectors were positive in 1994 Q1, with further improvements expected.

Manufacturing employment in Scotland continued its downward trend in 1993 with a decrease of 0.9 per cent in the year to December 1993. However, service sector employment continued to rise reaching its highest ever recorded December figure. The service sector now accounts for four times as many jobs as manufacturing. The numbers of self-employed in Scotland also reached record levels—263,000 in December 1993—with a 10.9 per cent rise in the previous year.

Further evidence of the relative strength of the Scottish economy lies in the unemployment figures. The rate of unemployment in Scotland has been below that of the United Kingdom since January 1992, a phenomenon not previously witnessed since the 1920s. Recent business survey evidence provides encouraging indications of the improvement in the demand for labour with increases in recruitment difficulties in several sectors including manufacturing and construction.

Looking to the future, the views of the independent forecasters suggest that in 1994 Scotland will benefit from a healthy rate of economic growth. The average forecast of 2.5 per cent is in line with the United Kingdom projections published in the Budget Statement by the Treasury in November 1993. Forecasts for 1995 also bode well. With a policy environment of low interest rates and low inflation, there is every opportunity for business to flourish both at home and in international markets, helping to ensure that the recovery is sustainable.

### *Regional Assistance*

In 1993–94, applications for Regional Selective Assistance rose to 307 from 246 in 1992–93. Numbers of applications were higher in the first half of the year (160) than in the second half (147), no doubt partly reflecting the changes to the Assisted Areas map which were made on 1 August 1993.

Over the same two-year period, RSA offers accepted rose from 198 to 239 and their value from £73.7 million to £131.6 million; however, £40.5 million of the total offer value in 1993–94 was accounted for by three offers. The offers in 1993–94 were associated with planned expenditure by companies of £865.7 million and planned creation of some 11,100 jobs and safeguarding of a further 6,700 jobs.

The Regional Enterprise Grants (REG) scheme provides support for innovation and investment projects being undertaken by small businesses. The Investment Grant element of the scheme is available for investment projects being undertaken by businesses with fewer than 25 employees located in Development Areas only (following the expiry of the Fife RENAVAL programme in December 1993). The grant, which is available once only, is discretionary and includes an additionality test. Since 1992, the Innovation Grant element of the scheme has been available to companies with fewer than 50 employees, located in both Intermediate



and Development Areas, as well as in EC Objective 2 Areas and certain urban areas. Firms are no longer restricted to one Innovation Grant.

During 1993-94, 404 REG applications were received and 230 offers of assistance accepted. These offers involved grants of £1.2 million for investment projects and £1.6 million for innovation projects.

### *Inward Investment*

RSA continued to play a major part in encouraging overseas-owned companies to locate or expand their existing operations in Scotland during 1993-94. These companies included Digital Equipment Corporation and Haemonetics Corporation (both US based), Roche Products Ltd (Switzerland), Ulstein UK Ltd (Norway), DAKS-Simpson Group plc (Japan) and PCI UK Ltd, Singapore.

In 1993-94, 41 offers of RSA were accepted by overseas-owned companies, 11 more than in 1992-93. As in most previous years, more than half were by USA-owned companies. The value of offers in 1993-94 to overseas-owned companies totalled £63.1 million, more than twice the value in 1992-93 and almost half of the total offered in Scotland. The offers were associated with total planned project costs of £495 million and forecast employment of 6,800.

### *Board Membership*

The Board wishes to acknowledge the valuable contribution of Mr J M Little CBE whose 11 years membership of SIDAB ended on 31 December 1993. Mr D R Campbell, who was appointed on 1 January 1994, is warmly welcomed to the Board. Mr P H J de Vink accepted re-appointment for a further three years.

D J MACLEOD CBE  
*Chairman*

## **Welsh Industrial Development Advisory Board**

### *Industrial/Economic Background*

The Board noted that the overall pace of industrial recovery in Wales slowed during 1993 and remained generally depressed over the first three-quarters of the year. However, much stronger manufacturing growth was re-established in the fourth quarter of the year, particularly in the consumer goods sector. Industries which showed the strongest growth were food, paper and plastic products, together with much stronger recent growth in the important electrical and electronic industries and in the basic metals and fabricated metal industries.

Though the financial and business services sector is in a position to generate further output increases, as is the construction sector, it is manufacturing, which already contributes a larger share to GDP than in any other part of the United Kingdom, which is expected to lead Wales out of the recession. Thus the pace of recovery in Wales, which is

forecast to outperform the United Kingdom as a whole, will be heavily influenced in 1994 and beyond by the achievement of manufacturing industries. These have been substantially modernised and there have been rapid production gains from the large numbers of entirely new export orientated manufacturing plants, particularly from new inward investment.

However, the recession has taken its toll in the form of manufacturing closures and achievements in labour efficiency have also led to lower plant manning levels. As a result, employment in manufacturing has fallen back to around 200,000 from 230,000 in 1990. Further additions to manufacturing output will need to be substantial to generate net additional job opportunities.

Wales's comparative wage level advantage is being eroded by the emergence of competition for mobile investments from central and eastern European countries; and more generally from increased competition from other members of the European Union. It will be essential to continue to place emphasis upon the quality of the workforce, the modern infrastructure, the continuing availability of industrial incentives, the level and quality of education and training and the excellence of communications, including telecommunications. Advances in these areas will assist not only in meeting increased competition for mobile, international investment, but also in the success and expansion of existing industry and in the formation and success of entirely new business ventures.

### *Welsh Development International*

In 1993-94 the Board noted that Welsh Development International recorded 169 projects promising 8,081 new jobs and the safeguarding of a further 5,856 together with capital investment of £765 million. These forecasts are based upon the intentions of companies at the time of the decision to invest and take no account of subsequent developments.

Of the projects recorded, 29 were from North America, 34 from Europe, 14 from the Far East and other overseas countries. A further 92 were from elsewhere in the United Kingdom. Within those numbers, 52 were entirely new projects, 95 were expansion projects, 21 were acquisitions and there was one joint venture.

Whilst numbers of projects recorded in 1993-94 are down on the previous year, it reflects the changed circumstances in the market. There is very fierce competition for a reducing number of major mobile projects. The worldwide economic downturn, particularly in Europe, Japan and the US has seriously impacted these traditionally strong markets. However, in terms of employment, the picture was brighter, with the level of new jobs up 22 per cent on the previous year.

Welsh Development International will maintain a significant presence in North America, Japan, Korea and Taiwan and will continue to seek ways

in which the potential of these markets might be developed. It will also continue to encourage inward investors to invest in those areas in Wales which have traditionally been less successful. This will be achieved by concentrating on the particular benefits that those areas have to offer.

### *Welsh Development Agency*

The availability of quality business premises and sites continues to be an important factor in Wales's ability to attract new inward investment projects and to meet the needs of expanding companies in the Principality. More than 1.5 million square feet of business premises have been occupied by new or expanding companies during 1993-94. Of the 490,000 square feet of new floorspace created in the past year, more than 380,000 square feet (77 per cent) was for bespoke projects.

The Agency has continued to encourage the private sector to invest in the Welsh property market, both in joint venture projects and by the planned disposal of holdings in its portfolio to the private sector. During 1993-94, joint ventures undertaken with the private sector delivered 730,000 square feet of business accommodation, 50 per cent of which was for bespoke projects. Emphasis on securing further private investment to meet the property needs of companies in Wales will continue to take priority.

### *Regional Assistance*

During 1993-94, 192 offers of Regional Selective Assistance (RSA) with a value of over £95 million were accepted by companies in Wales. These projects are forecast to create 8,354 new jobs and safeguard a further 4,894 (there is an element of overlap between projects receiving RSA and those recorded by Welsh Development International).

Again this year there were a number of major new developments and expansions both by British and overseas companies. These included projects by Europressings Ltd in Cardiff, Solvay Automotive Ltd at Treforest, Aiwa (UK) Ltd, ASAT (UK) Ltd and TAP Manufacturing Ltd in Gwent and Strix Ltd at the Chester West Business Park.

As far as the Regional Enterprise Grants Scheme is concerned, 239 applications were received. One hundred and fifty-seven offers of grant were made, valued at £2.3 million, compared with 179 offers valued at £2.4 million in 1992-93. The innovation element of the Scheme has remained popular in Wales, despite the reduction of Assisted Area status in 1993. However, with the downgrading of large portions of Development Areas demand for the investment element of the scheme can be expected to fall further.

### *Board Membership*

During the year, Dr A J Folwell, Mr M Wallace OBE and Mr D Jenkins MBE retired from the Board, each having served six years. The Board wishes to express its gratitude to them for their contributions. The Secretary of State appointed to

the Board Mr G D Duncanson, Managing Director of Engine Maintenance and Management Services (Wales) Ltd, Mr D G Edwards, Managing Director of Alcan Rolled Products UK and Mrs P M Phillips, Divisional Officer, South Wales and South West Division of USDAW.

DR ROY BICHAN  
*Chairman*

## **North East Industrial Development Board**

### *Industry in the Region*

As the year progressed, manufacturing output and demand generally showed a gradual improvement with greater optimism being found among export-driven companies rather than those heavily reliant upon the home market, slack domestic demand having stimulated development of new markets overseas. In addition, the latter part of the year saw a trend towards increased investment, reflecting the steady growth in business confidence discerned earlier. By the final quarter the indications were that a sustained, if modest, recovery was under way.

Against this background the business-led Manufacturing Challenge which was launched in May 1993 continued to stimulate business networking opportunities with the objective of doubling the region's manufacturing output and trebling exports within the decade.

However, jobs continued to be shed in traditional sectors, the year seeing the closure of the region's last deep coal mines and the appointment of a Receiver at Swan Hunters, the Tyne's remaining shipyard in May 1993. As a direct result of these closures and large-scale job losses (over 5,000), the Government announced a number of measures to help regenerate the area's economy.

Diversification continued with some strong performances. Six companies in the region's offshore sector won seven contracts worth £200 million, creating and securing 2,800 jobs. A major achievement was the securing by Vickers of a Ministry of Defence contract for the manufacture of 259 Challenger II tanks, safeguarding the 900 jobs at the Tyneside factory.

The strength of the North East's export performance during the year was recognised by five Queen's Awards. In the same round, the region had its first winner for Environmental Achievement in Seabait Ltd, producing worms for sea fishing by an aquaculture process.

### *Inward Investment*

The North East has continued to attract inward investment but has faced increasing world competition. This is reflected in the number of overseas enquiries and visits which were down to 179 and 156, falls of 14.4 per cent and 12.4 per cent respectively. Nevertheless, there have been

successes during the year including the largest Taiwanese investment in Europe of over £25 million, leading to the creation of 550 new jobs. The region has also sought to capitalise on the presence of existing inward investors, resulting in a number of expansions which are expected to generate over 1,100 new jobs. These included the £7 million expansion at Black and Decker at Spennymoor creating 250 new jobs, as the parent company transferred production from Germany. The region continued to seek opportunities in new markets and this resulted in the first Thai investment in Europe coming to the North East.

### *Unemployment*

At 12.7 per cent (March 1994) against a national average of 10 per cent, the North East continues to have long-term structural unemployment problems and the highest United Kingdom mainland unemployment rate. The number of unemployed fell over the year by 5,471 from 151,722 in April 1993 to 146,251 in March 1994. South Tyneside and Hartlepool remain among the worst affected with rates of 18.8 per cent and 16.2 per cent respectively.

### *Financial Assistance*

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

During the year 208 offers of RSA to the value of £21.1 million were made towards fixed project costs of £175.6 million. These projects were expected to create 4,238 new jobs and safeguard 855 others. The total amount of grant offered was only 1.4 per cent higher than the previous year, however, associated capital expenditure increased by 22.2 per cent and the number of jobs created or safeguarded increased by 26 per cent. The level of enquiries suggests that the improving trend in investment activity will be maintained.

In the review of the Assisted Areas, announced in July 1993, the region gained intermediate area status for Alnwick and Amble and the upgrading of Morpeth and Ashington to development area. All other areas retained their previous status except the Darlington Travel to Work Area which fell below the threshold and despite strong local representations was regraded to non-assisted area.

#### **(b) Regional Development Grants (RDGs)**

The RDGI and RDGII schemes have now been closed to new applications for several years but payment continued to be made on those projects approved before the termination dates. Total payments of RDGII in England were £2.5 million of which £1.4 million was made to projects in the North East. Under RDGI payments in England were £194,000, all of which related to capital investment in the North East.

#### **(c) Enterprise Initiative Schemes**

Rescinding an earlier announcement, it was decided that the Consultancy scheme would not end on 31 March 1994, but would remain available from 10 December 1993 until 10,000 applications

nationwide had been received. Quality consultancies continued to dominate with 45 per cent of the total 368 referrals to scheme contractors.

Applications received for Regional Enterprise Grants fell from 332 in 1992-93 to 250 in 1993-94. One hundred and ninety-eight applications related to investment projects and the remaining 52 to innovation projects. £972,000 was offered for investment and £939,000 for innovation. Payments amounted to £880,000 for investment and £632,000 for innovation.

#### **(d) Inner Cities and other Employment Blackspots**

In its final year before being subsumed within the integrated Government Office for the North East, the Tyne and Wear City Action Team under DTI/NE leadership targeted its efforts on three strategic areas of greatest need, ie employment, enterprise and crime. It worked closely with, amongst others, the TECs, South Tyneside Task Force and Enterprise Agencies, to maximise the creation of job opportunities and to develop enterprise support in the SME sector and with Northumbria Police to promote crime prevention measures. Subsidiary, strategic objectives were pursued in the areas of education and health by working with the Tyne and Wear Local Education Authorities in an endeavour to improve pupil attainment levels and reduce unauthorised absences and with Area Health Authorities to improve the health of inner city residents. DTI played a leading role in interdepartmental regeneration measures in response to mine closures and the Swan Hunter situation.

The DOE-led Cleveland Action Team on which DTI/NE continued to be represented, operated similarly to its Tyne and Wear counterpart concentrating on areas such as East Middlesbrough and Langbaurgh.

#### *Board Membership*

During the year, Mr T J O'Connor MBE resigned from the Board. We warmly welcome two new members, Mr P Vassallo and Mr M F Leonard.

R F BISHOP CBE  
Chairman

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

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

#### *General*

The year opened with signs of cautious improvement in business confidence, but with little hard evidence of recovery.

However, as the year progressed, a steady if slow pickup in business activity became apparent and confidence in the strength of the recovery improved.

Nevertheless, for most companies, trading conditions remained very difficult throughout the year, with intense pressure on margins. Cash flow constraints for many smaller businesses in particular brought demands for prompt settlement of debts; it also gave rise to a growing concern about the availability of funding to cover working capital increases and investment proposals as recovery got underway.

Although there was growing evidence, particularly in the second half of the year, of a strengthening of capital investment intentions, overall levels remained low, with increased efficiency rather than increased capacity the main objective. This is likely to be the case for some time to come. Most manufacturers are working below capacity and have the capability to meet expected demand over the next 12 months.

Last year the overall pattern was one of slowly increasing output and strengthening of home demand, although this was not uniform in all sectors. Many companies in the textile and clothing sector continue to perform well and the food, printing and chemicals industries fared better than most. Steel, coal, engineering and construction continue to encounter particular difficulties. There is growing concern amongst the region's steel producers about the future of the industry because of over capacity and subsidised competition from Europe.

The direct and indirect effects of the rationalisation of the coal industry continues to be a major cause of concern. Eight pits closed in West and South Yorkshire last year, and employment in the industry fell by over 4,500. Prospects for the remaining mines, including some in the relatively modern Selby field, are uncertain, with increasing competition from imported coal and gas-fired power stations.

Export orders generally held up reasonably well throughout the year, particularly to dollar markets. Weak European markets, particularly France and Germany, persuaded a number of exporters to look further afield and some notable successes were achieved in Far Eastern markets. The final conclusion of the GATT negotiations was generally welcomed by business in the region.

Although real problems still exist in parts of the region, particularly in South and West Yorkshire, the diversity of its industrial and commercial sectors augurs well for the future. Yorkshire and Humberside's geographical location also provides unrivalled access to the continent through the Humber ports complex, now the United Kingdom's second busiest in terms of tonnage. Leeds is a good example of decline in traditional sectors being outweighed by growth, particularly in commercial, financial and legal services. It is now tipped as the fastest growing employment centre in the 1990s.

## *Unemployment*

Unemployment in the region fell from 10.5 per cent in March 1993 to 9.8 per cent in March 1994, a drop of over 16,000 people. The fall accelerated in the second half of the year. The regional rate equalled the GB rate in July but by March 1994 it was two percentage points above the national average.

The regional figure conceals wide disparities between Travel to Work Areas (TTWAs). All of the South Yorkshire TTWAs have rates in double figures, with Rotherham continuing to have the highest rate in the region of 14.8 per cent. In contrast many rural areas in North Yorkshire have rates of 5 per cent or less.

## *Government Assistance*

During the year the new Assisted Areas map was published giving rise to a number of changes in the region. With effect from 1 August 1993 Barnsley and Doncaster TTWAs were upgraded to Development Area status; Bridlington/Driffield, Castleford/Pontefract and Wakefield/Dewsbury TTWAs received Assisted Area status for the first time by being designated Intermediate Areas; Whitby TTWA was downgraded to an Intermediate Area and Bradford and Scunthorpe TTWAs became non assisted. These changes have already resulted in a considerable level of interest from businesses located in the newly assisted and upgraded areas.

The Board believes that Regional Selective Assistance (RSA) has played an important role in securing additional investment in the region. During 1993-94, 224 applications for grants were received, of which 53 were over £100,000, and 140 offers of grant accepted.

The value of the offers accepted totalled £17 million with related project costs of £147.7 million. It was expected that the projects receiving assistance would create or safeguard 4,700 jobs. Some 40 per cent of the offers made related to applications for grant of £25,000 and below.

The distribution of assistance across the region shows that offers were accepted on 52 projects in Humberside (which now includes Bridlington and Driffield TTWA), 51 projects in South Yorkshire and 37 projects in West Yorkshire.

Monitoring of RSA supported projects showed that 90 projects, with a payment value of £8.38 million, were successfully completed during the year. These created or safeguarded 2,449 jobs compared with a forecast level of 2,500. The total number of payments made during the year (220) was materially higher than the comparative figure for 1992-93 (191) and the number of assisted businesses which failed (9) was significantly fewer than in the previous year.

The total number of Regional Enterprise Investment Grant offers in 1993-94 was 130 with a value of £1.2 million, compared with 118 offers

with a value of £1.49 million in the previous year. REG Innovation grant offers totalled 166 with a value of £3.9 million.

REG Innovation grants continue to exceed expectations. Yorkshire and Humberside businesses have made excellent use of this element of the scheme following changes which increased the size of eligible concerns and widened the eligible area base.

### *Inward Investment*

The overall level of new inward investment enquiries was lower than in the previous year. There were two major greenfield inward investment projects in the region that were secured with the help of RSA. The Canadian KSR Industrial Corporation is investing £4 million in an automotive component plant at Scunthorpe—this project is expected to create 105 new jobs. The Rexene Corporation of the USA is spending £12 million on developing a plastics factory—also at Scunthorpe—and expects to create 62 new jobs. During the year several expansion projects were undertaken by existing foreign-owned companies in the region which also attracted offers of Regional Selective Assistance.

Looking to the future, inward investment will continue to have an important part to play in the development of the regional economy; whatever the outcome of the Local Government Review, sufficiently robust arrangements will need to be in place to promote and capitalise on the Humber Estuary in particular.

## East Midlands Region

### *General*

The economy has experienced a slow and patchy recovery over the year. Improvements have been modest, with some sectors and markets faring well but others making little headway. Despite this slow progress, business confidence has generally been good and was boosted by unexpected falls in unemployment and company failures. There are, however, residual doubts about the sustainability of recovery. Those who believe the recovery is firmly based have been encouraged by its unspectacular nature. Although a considerable number of firms are still working below capacity the overall trend is towards an increase in capacity utilisation.

Reports throughout the year have shown general improvement in confidence but overall the growth in sales has been small. Consumers have been cautious. Businesses in consumer goods sectors are particularly worried by the effect that VAT and tax increases will have on spending. Investment intentions in the north of the region were boosted by the designation of Assisted Areas to cover most of the coalfield, but there are worries that some projects are being delayed until the establishment of Enterprise Zones in the Mansfield area.

Throughout the region, intentions to invest have improved but few large-scale capital projects are coming forward—most investment is aimed at capital replacement and continuing improvements in productivity.

Developments in the coal industry have had a drastic effect on the region's coalfield communities and the wider economy. In October 1992 British Coal employed over 13,500 people in 16 collieries but by March 1994 there were only four pits still in production, employing under 3,000. There are continuing local fears about the security of the operating pits.

The engineering sector had a higher level of redundancies in 1993 than 1992 but is showing signs of recovery. The regional Engineering Employers' Association forecasts a growth in output over the next 12 months, with improvement predicted even in the more hard-pressed sectors of machine tools and general engineering.

The textiles and clothing industry is important to the East Midlands, employing around 100,000 or 25 per cent of the total United Kingdom textile employment. The sector has been making steady progress over the past year but is concerned at the possible effects of the GATT settlement, mainly the phasing-out of the Multi-Fibre Arrangement and the ending of quotas on textile and clothing imports. Throughout the year the clothing and footwear sectors have reported shortages of skilled workers in a number of areas.

Reports of recovery in the construction sector have been greeted with extreme caution by industry leaders. Workload continued to fall in 1993 and job shedding persisted, though at lower rates than 1991 and 1992. Intense competition in the sector could lead to more job losses over the next year.

### *Unemployment*

Unemployment in the region has generally reflected national trends, with an overall fall in the past year. Unemployment in March 1994 was 179,074 (9.3 per cent of the workforce), over 10,700 lower than in March 1993.

The past year has seen increases in unemployment in the north of the region related to the major coal closure programme. Mansfield's unemployment level has risen from 12.8 per cent to 14.6 per cent since March 1993 and Nottinghamshire as a whole has risen from 11.1 per cent to 11.5 per cent. The other counties have remained below the national average, with Leicestershire having the lowest rate in the region in March 1994 (7.8 per cent).

### *Government Assistance*

The new Assisted Areas map which came into effect on 1 August 1993, brought in all the coalfield areas in North Nottinghamshire and North Derbyshire as well as the depressed coastal areas in Lincolnshire. Mansfield TTWA became a Development Area with the Chesterfield, Alfreton

and Ashfield, Worksop, Retford, Skegness and Lough and Mablethorpe TTWAs becoming Intermediate Areas. Corby lost Development Area status which was a reflection of the regeneration and diversification of the town since the steelworks closed in the early 1980s.

Ninety-seven applications for Regional Selective Assistance (RSA) were received and 34 offers accepted in 1993-94. The total value of the assistance accepted was £2.4 million against project costs of £26.0 million. It is expected that 887 jobs will be created or safeguarded as a result.

Reflecting the slower rate of applications in previous years, 26 projects supported by RSA were completed during the year, creating or safeguarding 977 jobs.

In addition to the new Assisted Areas, Regional Enterprise Grants (Innovation and Investment) also became available in selected wards affected by the colliery closures. These measures prompted a 141 per cent increase in applications over the previous year.

Applications during 1993-94 resulted in assistance being offered for 34 Investment and 59 Innovation projects under Section 8 of the Industrial Development Act 1982. Grants offered totalled £0.32 million for Investment and £1.3 million for Innovation against project costs of £8 million and £11.6 million respectively.

### *Inward Investment*

The new Regional Development Organisation—the East Midlands Development Company Ltd (EMDC)—formally took over from DTI East Midlands in November the responsibility for promoting inward investment in the region and handling the case enquiries received from the Invest in Britain Bureau.

The total number of enquiries received in 1993-94 was 120—a 20 per cent increase—with the US continuing to be the major source of enquiries. A major inward investment success secured with the help of RSA was the decision of Johnson Controls Inc, a US company with worldwide interests, to locate a project at Mansfield which will provide over 450 jobs—the first notable inward investment since the area was designated a Development Area.

### *Membership of the Board*

During the year Mr Stuart Johnson resigned from the Board, we wish to express our gratitude to him for his valuable contribution to the work of the Board over many years.

We warmly welcome four new members Mr John Clarke, Mr Ron Lasseter, Mr Bill McCosh and Mr Brian Ruffell-Ward.

P W BARKER CBE

*Chairman*

## **South West Industrial Development Board**

### *General*

Recovery from the recession remains hesitant in the region, with the effects of reducing defence expenditure continuing to be felt by many companies and industrial sectors throughout the region. Devon and Cornwall continue to have the most deep-seated problems of economic regeneration, caused by the ongoing decline of their traditional industries of tin, fishing and tourism, but some areas previously buoyant, such as Gloucestershire, have also begun to report concern at the speed of recovery, again linked to the defence sector.

Nevertheless, there have been some welcome developments and grounds for optimism. The Board was glad to see the award of the Trident refit contract to Devonport which will help to secure employment there, although there will be some job losses in the short term as work for surface vessels goes elsewhere. It was also encouraging to see concerted action to regenerate Plymouth gathering momentum through the Development Corporation, the Task Force, and the appointment of Baroness Cumberledge as Sponsor Minister for the city, matching Mr Sainsbury's appointment as Sponsor Minister for Bristol. The West Country Development Corporation continues to develop as an effective force to articulate the needs of Devon and Cornwall. The Board was also pleased to see the South West allocated £2.5 million under the EC's KONVER programme to help companies diversify away from over-dependence upon defence contracts.

The Board welcomed the increased coverage for Devon and Cornwall, and the designation of Weymouth and Portland, given in the revised Assisted Area map announced in August 1993, and also the award of Objective 2 status for Plymouth by the European Commission in early 1994. These were important recognitions of the industrial and urban problems of the South West. The award of Objective 5(b) status by the Commission to all of Cornwall, most of Devon and part of Somerset was a similar recognition of the need for economic development in rural areas which was also reflected by the Rural Development Commission in the review of its Rural Development Areas. The latter now cover much of the region, with new areas in Wiltshire, Dorset and Somerset. We look forward to seeing the funds associated with all these programmes being brought together in an imaginative way to benefit the South West region over the next few years.

### *Inward Investment*

The Board continues to see inward investment as an important contributor to economic growth in the region and hopes that some recent successes in Devon and Cornwall with US companies will be followed by others. It is pleasing to recognise

the good work being done by the Devon and Cornwall Development Bureau, and the Board welcomes the initiatives being taken in the eastern part of the region to set up a new Regional Organisation to promote the five counties there. The Board feels that effective partnerships of this kind, between all parts of the region, and between public and private sectors, are essential if the South West is to realise its full potential.

### *Business Links*

Last year the Board was glad to endorse the Department's One Stop Shop initiative, now called Business Links, to improve the accessibility of services of all kinds to industry and commerce. We are pleased with the progress that is being made, noting the establishment of the Dorset Business Link as one of the country's first, with Gloucestershire and Devon and Cornwall likely to follow by the time this commentary is published. We expect Business Links to bring a major increase in the use of business services, allowing, for example, the advantages of AA status to be fully exploited.

### *Integrated Regional Offices*

During the year, the Government announced the merging of the regional offices of Government Departments into a single organisation. The Board hopes that this initiative will bring a better focus to Government efforts in the region, particularly over the regeneration of areas most in need of renewal, and welcomes the establishment of the Single Regeneration Budget which will facilitate this.

### *Regional Selective Assistance*

During the year, 82 offers of Regional Selective Assistance totalling £9.1 million were made towards investment of £40.4 million. This was associated with the creation of 1,455 jobs and the safeguarding of 507.

### *Membership*

During the year, the Board welcomed as new members Mr Nigel Falls, Agent for the Bank of England in the South West and Wales and Mr Aubrey Loze, the Chairman and Managing Director of Pot Black (UK) Ltd who has a special interest in the areas of North Devon which have recently been re-designated as Assisted Areas.

The Board wishes to record their thanks to Mr Michael Knight, who has now retired as the Bank of England's Agent in the South West and to wish him a long and happy retirement. Mr Rod Pickering also retired from the Board during the year.

The Board also wishes to congratulate its Chairman, Mr Roger Harris, on the award to him of the CBE in the New Year Honours list.

ROGER HARRIS CBE

*Chairman*

## **West Midlands Industrial Development Board**

### *General*

Manufacturing industry provides some 28 per cent of employment in the West Midlands region, which is a higher proportion than in any other region. The equivalent figure for Great Britain as a whole is only 20 per cent. Such dependence on manufacturing makes the region more vulnerable than others to the effects of recession, so the economic growth of the last year has been particularly welcome. Nevertheless, the patchy and somewhat faltering nature of the recovery has meant that this has been another difficult year for industry in the West Midlands, as the economy emerges from recession.

There were a number of success stories for the region's engineering industry in 1993: Rover produced more vehicles in the United Kingdom than any other company for the first time in 10 years; Land Rover produced more vehicles than it had ever done before; a number of automotive components companies made new inroads into the German market; and excellent first year operating results have been announced by Leyland Daf Vans Ltd (now LDV Ltd), whose buy-out from receivership was supported by Regional Selective Assistance. All this was against the background of sharply declining car sales in most European countries, which tended to some extent to offset the benefits of the expanding United Kingdom market. In a number of other sectors too, the gains accruing to local industry from United Kingdom growth were often counterbalanced by falling sales elsewhere in Europe. Meanwhile some other sectors, notably construction, continued to face bleak market conditions both at home and abroad.

Despite the largely encouraging performance of the last year, manufacturing output remains slightly below its pre-recession levels. However, the signs are that the recovery we have been experiencing will continue into 1994-95 and that West Midlands industry is well placed to build on its recent achievements.

### *Unemployment*

The West Midlands IDB report last year suggested that there were some signs of an easing in the region's unemployment. This welcome development has broadly continued throughout 1993-94. The West Midlands' unemployment rate in March 1994 was 10.1 per cent, compared with 11.3 per cent in March 1993, with the number of registered unemployed in the region falling by almost 30,000 in this period. The West Midlands' position has also improved relative to the rest of the country, but still remains firmly above the national average.

### *Inward Investment*

Inward investment continues to play an important part in the West Midlands economy and there are some 1,000 foreign-owned companies located in the region. In the last year many of these businesses

have been involved in expansion and modernisation projects but there has also been renewed interest from organisations which do not yet have a presence in the region, in particular from companies based in North America. This has resulted in a number of new investment projects from USA owned companies. However, competition for internationally mobile projects remains fierce throughout Europe, with alternative locations in Eastern Europe having featured in a number of recent cases.

### *Regional Selective Assistance*

The increase of activity recorded in the final quarter of the previous year continued in 1993-94. Although the increase was evenly spread across the year, it is attributed in part to the more optimistic economic climate. An additional factor was the conclusion of the Assisted Area map review, which led to an influx of applications in late July from two downgraded areas: the Kidderminster and Telford and Bridgnorth TTWAs. By the year end 308 formal applications had been received, compared with 229 and 228 in the two preceding years. Of the 285 decisions taken, 190 resulted in offers of grant.

Total grant offered was £22 million, towards investment costs of £187 million, and it is expected that 5,822 jobs will be created or safeguarded as a result. These figures show a substantial increase on 1992-93, resulting from the increased level of activity, but also the occurrence of several very large cases. Nevertheless the prevalence of small businesses is also reflected in the fact that almost 80 per cent of offers were made to applicants with fewer than 50 employees.

The West Midlands Industrial Development Board considered a total of 24 applications from the region, and approved grant totalling £10.7 million, of which £4.5 million was for inward investment projects.

### *Regional Enterprise Grants*

The pattern of availability of REG has changed markedly during the year. Innovation Grants (RIN) have been available in the West Midlands Assisted Area since May 1992. With the closure of the Trentham colliery, the area around Stoke-on-Trent and Newcastle-under-Lyme was given Coal Closure Area status on 1 June 1993, which made both Investment Grants (RIG) and RIN available there.

The changes to the Assisted Area map from 1 August 1993 meant that RIG was extended to the Birmingham local authority area and to the Wolverhampton TTWA. At the same time RIN ceased to be available in certain TTWAs: Kidderminster, Cinderford and Ross-on-Wye, and part of Telford and Bridgnorth.

From 17 December 1993, with the closure of Littleton colliery, both RIN and RIG became available in a number of wards in the vicinity, some of which were inside the Assisted Area and previously eligible for RIN. Finally, from 1 January 1994, RIN became

available in the Burton-upon-Trent area as a consequence of its designation as an Objective 2 Area.

During the year 74 applications were made for RIN. Thirty-four offers of grant were made amounting to £0.75 million. There were 78 applications for RIG; these resulted in 15 offers of grant, which amounted to £0.12 million.

### *Membership*

During the year Mr R J Dickens took over the role of Chairman. He succeeded Mr B W Baker, to whom thanks are due for his contribution in the last few years and for the skill with which he has steered discussions; Mr Baker remains a member of the Board. Mr G Green and Mr J H Millett joined the Board as new members, and Mr T S Kelleher rejoined after an absence of one year.

R J DICKENS

*Chairman*

## **North West Industrial Development Board**

### *General*

Business activity in the North West was difficult to characterise. Although a number of firms identified movement out of recession dating from Spring 1993, momentum was not consistently sustained. Improved sales performances were followed by flatter demand and whilst confidence improved it remained fragile. North West companies gained from a more buoyant United Kingdom economy and through reduced competition as weaker companies closed down, though in some instances overseas competition attempted to fill the demand gap.

Firms continued to modernise in response to intense competitive pressures. On the whole, costs were successfully contained mainly through linkages between wage costs and productivity agreements. There were suggestions in some sectors, particularly construction, of firms being prepared to accept contracts at below cost prices in order to maintain volume. A disturbing feature of the latter part of the financial year was an increase in redundancies, including plant closures.

### *Sectoral*

The engineering sector which is crucial to the region experienced mixed fortunes. Prospects were better for electronics over later months. Aerospace continued to face intense competition and job losses continued in both the military and regional jet fields. The impact of the defence run-down continued to have other severe repercussions. For instance, nuclear submarine employment at Barrow was cut-back significantly and jobs disappeared elsewhere in the munitions/missiles field. Although the car industry benefited from a more buoyant home market the depressed state of the European market acted as a dampener. The commercial vehicle sector showed signs of improvement



following the steepest post-war recession in the industry. Construction also exhibited an upturn over later months. The food and drink and pharmaceutical sectors were at times affected by low demand. Prospects of growth in the chemical industry were, however, believed to be stronger. The higher technology niche market specialists tended to put in better performances in the textile/clothing/footwear sector which continued to battle against continued import penetration. Rationalisation was prominent in the glass industry whilst paper and board faced intense foreign competition. The retail sector showed some recent signs of recovery but margins remained a problem in a very competitive market place.

### *Merseyside*

On Merseyside, there was a perceptible improvement in the underlying level of business confidence, particularly since early 1994. However, constrained demand and investment levels, coupled with continuing rationalisation in key sectors, including the automotive and glass-making industries, continued to slow the momentum of recovery. The potential economic impact of the oil and gas developments in Liverpool Bay is considerable and overall the £650 million Objective 1 programme should make a substantial contribution to the regeneration of the area over the next six years.

### *AA Map Review*

The outcome of the review of the Assisted Area Map led to a number of significant changes in the North West. Overall there was a reduction in the region's Assisted Area coverage. There was particular disappointment at the loss of Intermediate Area status for Manchester and Salford. The North West both lost and gained individual areas in the later announcement of areas with serious structural, industrial and rural problems qualifying for ERDF assistance.

### *Government Offices*

The Board welcomes the arrival of Government Offices for the region and of the Single Regeneration Budget. It will play its part in ensuring that there is strong co-ordination between the Merseyside and North West Offices to maximise the potential benefits for the Region as a whole.

### *Unemployment*

During the 12 months to March 1994 there were fluctuations in the level of unemployment in the North West although overall the seasonally-adjusted figure fell by 25,000. On an unadjusted basis, the North West rate of 10.2 per cent in March compared with the Great Britain average of 9.8 per cent. Long-term unemployment remained more severe than the national average, particularly in travel-to-work areas such as Liverpool, Manchester, Wigan and St Helens, and Wirral and Chester. Latest official employment estimates indicated that in the 12 months to September 1993 there was only a net marginal increase of 8,000 jobs in the North

West overall whilst manufacturing employment declined by 23,000. According to Dun and Bradstreet data, there was a reduction of business failures in the region of 3.3 per cent in 1993 as against 1992. This compares with a Great Britain decline of 11.2 per cent. Investment by companies on Training remains disappointing exacerbating skill shortages in some key areas especially engineering.

### *Regional Grants*

Demand for grant aid increased significantly during the year. This was partly due to a large number of applications for regional selective assistance received from areas losing assisted area status following the Map Review. However, it also reflected the general improvement in the region's economy and a gradual increase in confidence. The Board was, however, disappointed to see a significant number of cases where applicants had failed to reinvest at adequate levels for a number of years and now needed major capital expenditure to remain competitive. Four hundred and ninety-three applications for RSA were received in 1993-94 compared to 405 in 1992-93, a significant increase. Offers made increased to 360 from 309 the previous year. Consequently, the total amount of grant offered also rose from £37.7 million in 1992-93 to £41.3 million in respect of projects involving capital expenditure of £312 million creating 6,507 jobs and safeguarding 2,979 existing jobs (corresponding figures last year £236 million, 3,600 and 4,513). Eighty-eight per cent of the number of offers made were to companies employing under 200 people and 49 per cent of the total were for grants of £25,000 or less.

There was a significant increase in the value of offers made during the year under the Regional Enterprise Grant Scheme. Seventy-five offers to a total value of £660,000 were made during the year for Investment projects (95 and £0.6 million last year); and for Innovation projects 61 offers were made worth £1.2 million (41 and £0.8 million last year).

### *Inward Investment and Regional Development*

During the financial year RSA was granted to 12 new inward investment projects in the region. This involved a total investment of £89 million and 1,943 jobs. INWARD, the Regional Development Organisation, had a direct involvement in eight of these cases. The Board was pleased to note another record year for INWARD reflecting the success of the region in attracting inward investment. Thirty-six companies committed themselves to projects which should lead to 2,893 jobs and capital expenditure of £106.86 million. All of these projects are of great value to the Region.

The Board notes that since INWARD's creation national figures compiled by the Invest in Britain Bureau show that the Region's inward investment performance has increased from 6.8 per cent to 12.9 per cent of all employment created by inward investment into the United Kingdom. This

achievement reflects not only on the hard work of INWARD staff but also the importance of effectiveness of co-operation across the Region.

Although disappointed by the failure of Manchester's brave effort to win the Olympic Games, the Board hopes it will build on its strategy of creating partnerships and succeed in its bid for the Commonwealth Games. This would provide substantial economic benefits to the area if successful.

The Board also welcomed the continued strengthening of the transport infrastructure which is so vital to the region's competitiveness. Members attach particular importance to the much overdue improvement to the West Coast main rail line.

### *Business Links and TEC*

The Board welcomed the opening of the first Business Links (Macclesfield and Congleton) in the region during the financial year, and attaches major importance to the success of this initiative. It looks forward to early completion of a full regional network. The Board also welcomes the close liaison between Government Departments and TECs in identifying key components for improving the region's competitiveness. We have no doubt that TECs have a vital role to play.

### *Export Performance*

North West businesses have been continuing to pursue export markets vigorously. Usage of

Overseas Trade Services remains high. We noted some flattening-out in demand believed to be due to existing exporters having placed more attention and resources into combating difficult trading conditions across Europe, in particular, Germany, and reducing the number of new markets being approached. This effort does however seem to be bringing rewards, with increasing numbers of firms winning against European competitors on flexibility, performance and price. Elsewhere, useful orders have also been secured in the Middle East and in Latin America. Far Eastern markets remained a highly active area and successes were also beginning to emerge from major DTI-North West initiatives, including the North America Now campaign.

### *Membership*

During the year Ernest Baxendale and Ian Woolley retired. The Board wishes to place on record its gratitude to them both for the valuable contribution they have made during their term of office. The Board welcomes the appointment of two new members, Tony Pilkington and Anil Ruia in their place. Members noted with pleasure the award of a CBE to Tony Russell, a former NWIDB Chairman, in the 1994 New Year Honours.

D L DAVIES

*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 to 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 or 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 MARCH 1994(a)

£ million

Region	Regional Development Grants (b)	Section 8				Totals	
		Section 7	General Investment Measures				
		Grants	Grants	Loans/Equity (c)	Other Measures	Grants	Loans/Equity (c)
Scotland	nil	807.3	26.3	nil	62.6	896.2	nil
Wales	nil	627.8	28.8	nil	22.3	678.9	nil
North East	nil	332.0	7.7	0.5	38.4	378.1	0.5
Yorkshire and Humberside	nil	159.2	22.6	nil	105.4	287.2	nil
East Midlands	nil	18.8	17.1	nil	71.9	107.8	nil
South East	nil	0.4	83.2	0.4	177.2	260.8	0.4
East	nil	0.2	nil	nil	0.2	0.4	nil
South West	nil	63.1	9.7	nil	58.2	131.0	nil
West Midlands	nil	208.2	43.1	0.3	93.3	344.6	0.3
North West	nil	276.9	34.2	nil	117.0	428.1	nil
Northern Ireland	nil	nil	nil	nil	6.4	6.4	nil
Mixed	nil	nil	0.6	4.9	0.8	1.4	4.9
<b>Total</b>	<b>nil</b>	<b>2,493.9</b>	<b>273.3</b>	<b>6.1</b>	<b>753.7</b>	<b>3,520.9</b>	<b>6.1</b>
Of which in year ended 31.3.94	nil	341.7	20.0	nil	17.8	379.5	nil

(a) This table summarises assistance described in Appendices 5, 7 and 11 (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 MARCH 1994(a)

£ million

Region	Regional Development Grants (b)	Section 8				Totals	
		Section 7	General Investment Measures				
		Grants	Grants	Loans/Equity (c)	Other Measures	Grants	Loans/Equity (c)
Scotland	1,938.8	492.9	20.3	nil	46.7	2,498.7	nil
Wales	1,224.9	362.5	28.4	nil	14.3	1,630.1	nil
North East	1,761.1	259.0	6.8	0.5	26.7	2,053.6	0.5
Yorkshire and Humberside	409.7	126.0	18.3	nil	78.5	632.5	nil
East Midlands	86.5	20.8	16.3	nil	53.6	177.2	nil
South East	nil	nil	60.2	0.4	129.9	190.1	0.4
East	nil	nil	nil	nil	nil	nil	nil
South West	125.0	46.3	8.6	nil	44.2	224.1	nil
West Midlands	2.7	133.8	37.8	0.2	63.0	237.3	0.2
North West	1,169.2	216.6	32.1	nil	89.6	1,507.5	nil
Northern Ireland	nil	nil	nil	nil	5.6	5.6	nil
Mixed	nil	nil	0.6	4.9	0.5	1.1	4.9
<b>Total</b>	<b>6,717.9</b>	<b>1,657.9</b>	<b>229.4</b>	<b>6.0</b>	<b>552.6</b>	<b>9,157.8</b>	<b>6.0</b>
Of which in year ended 31.3.94	10.3	215.3	3.0	nil	12.5	241.1	nil

(a) This table summarises assistance described in Appendices 4, 5, 7 and 12 (excluding the Energy Conservation Scheme, 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)

1993 UNEMPLOYMENT BY AA STATUS  
(Narrow base, see note (a))

<i>Region (b)</i>	<i>Number (000)</i>	<i>Per Cent</i>
Scotland		
DA	141.1	13.4
IA	40.1	12.5
NAA	65.3	8.2
Total	246.5	11.1
Wales		
DA	27.2	17.2
IA	74.1	12.0
NAA	29.8	9.9
Total (d)	131.1	12.1
Northern		
DA	134.6	15.1
IA	20.6	12.1
NAA	14.6	8.2
Total	169.8	13.6
Yorkshire/Humberside		
DA	42.3	15.9
IA	94.9	13.1
NAA	110.4	10.0
Total	247.6	11.9
East Midlands		
DA	8.7	15.3
IA	27.2	12.7
NAA	135.3	10.3
Total	171.2	10.9
East Anglia		
IA	8.6	14.7
NAA	77.4	9.6
Total	86.0	9.7
South East (c)		
DA	7.8	20.1
IA	63.5	14.0
NAA	848.8	11.4
Total (d)	920.1	12.5
South West		
DA	12.6	18.6
IA	43.9	14.7
NAA	162.6	10.6
Total (d)	219.1	11.5
West Midlands		
DA	94.5	14.1
IA	112.9	13.1
NAA	82.1	9.8
Total (d)	289.5	12.5
North West		
DA	114.5	16.2
IA	64.9	11.2
NAA	145.2	10.4
Total (d)	324.6	12.3
Great Britain		
DA	583.3	15.3
IA	550.7	12.6
NAA	1,671.5	9.9
Total	2,805.5	11.8

*Notes*

(a) Unemployment data is a twelve month average, over the calendar year, of Department of Employment claimant count with 1993 estimates of employees in employment used in calculating the (narrow) base.

(b) DA = Development Area

IA = Intermediate Area

NAA = Non Assisted Area

Assisted Area boundaries are as defined in August 1993. The standard regions are used.

(c) In this table, the South East includes London but not East Anglia.

(d) Some TTWAs in this region have mixed Assisted Area status therefore the official Department of Employment unemployment rates do not correspond. For these cases calculations, based on the number of employees in employment, have been made.

APPENDIX 4

Regional Development Grants

Regional Development 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.

Note:

Further details of both Original and Revised Regional Development Grant Schemes are to be found in Appendix 4 of the Annual Report of the Industrial Development Act 1982 for the year ended 31 March 1990, published by HMSO: London ISBN 010 260090 2 Price £9.25 in September 1990.

TABLE 1 ORIGINAL REGIONAL DEVELOPMENT GRANT: PAYMENTS BY GROUPS OF QUALIFYING ACTIVITIES IN GREAT BRITAIN

Standard Industrial Classification Orders	1993-94			1972-73 to 1993-94		
	Plant and machinery (a)	Buildings and works (a)	Total	Plant and machinery (a)	Buildings and works (a)	Total
	Grant Paid			Grant Paid		
II Mining and quarrying	0	0	0	107,726	9,615	117,341
III Food, drink and tobacco	0	0	0	427,126	167,728	594,854
IV Coal and petroleum products	0	0	0	442,134	85,688	527,822
V Chemicals and allied industries	304	62	366	1,123,305	231,031	1,354,336
VI Metal manufacture	0	0	0	582,209	171,366	753,575
VII Mechanical engineering	27	5	32	241,520	101,459	342,979
VIII Instrument engineering	0	0	0	41,023	11,233	52,256
IX Electrical engineering	1,477	303	1,780	312,771	87,192	399,963
X Shipbuilding and marine engineering	0	0	0	53,595	34,507	88,102
XI Vehicles	134	28	162	256,289	67,794	324,083
XII Metal goods not elsewhere specified	0	0	0	97,216	43,107	140,323
XIII Textiles	0	0	0	95,936	43,107	139,043
XIV Leather, leather goods and fur	0	0	0	5,842	2,924	8,766
XV Clothing and footwear	0	0	0	37,555	15,486	53,041
XVI Bricks, pottery, glass, cement etc.	110	22	132	177,192	52,763	229,955
XVII Timber, furniture etc.	0	0	0	65,181	36,571	101,752
XVIII Paper, printing and publishing	0	0	0	229,270	72,458	301,728
XIX Other manufacturing industries	0	0	0	108,139	35,227	143,366
XX Construction	0	0	0	103,595	7,388	110,983
Other	0	0	0	39,819	17,054	56,873
Total	2,052	420	2,472	4,547,443	1,293,698	5,841,141

(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 REGION IN 1993-94

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	Total buildings and works	
	Scotland	1,781	0	1,781	365	0	
Wales	110	0	110	22	0	22	132
Northern	161	0	161	33	0	33	194
Yorkshire & Humberside	0	0	0	0	0	0	0
East Midlands	0	0	0	0	0	0	0
South West	0	0	0	0	0	0	0
West Midlands	0	0	0	0	0	0	0
North West	0	0	0	0	0	0	0
Total	2,052	0	2,052	420	0	420	2,472

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



TABLE 3 ORIGINAL REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY REGION IN 1972-73 to 1993-94

£'000

Area	Plant and machinery (a)			Buildings and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total plant and machinery	SDA	DA	IA	DLCA		
Scotland	757,940	601,057	1,358,997	187,073	141,289	12,660	0	341,022	1,700,019
Wales	369,033	499,505	868,538	71,486	96,302	17,817	0	185,605	1,054,143
Northern	619,647	683,547	1,303,194	138,308	125,267	47	0	263,622	1,566,816
Yorkshire & Humberside	0	172,281	172,281	0	39,167	136,611	0	175,778	348,059
East Midlands	0	26,454	26,454	0	4,872	17,313	3,979	26,164	52,618
South West	9,450	70,687	80,137	2,531	17,349	4,946	0	24,826	104,963
West Midlands	0	0	0	0	0	680	2,011	2,691	2,691
North West	635,761	102,059	737,820	133,219	17,370	123,423	0	274,012	1,011,832
Total	2,391,831	2,155,590	4,547,421	532,617	441,616	313,497	5,990	1,293,720	5,841,141

(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 PAYMENTS IN GREAT BRITAIN

£'000

Standard Industrial Classification Division (SIC 1980)	1993-94	1984-85 (a) to 1993-94	
	Payments	Grant in relation to approved projects (b)	Payments
1. Energy and water supply industries	290	3,468	1,945
2. Extraction of minerals and ores other than fuels; manufacture of metals, mineral product	588	142,086	81,514
3. Metal goods, engineering and vehicle industries	4,184	554,378	336,839
4. Other manufacturing industries	2,398	583,523	359,275
7. Transport and communications	0	13,788	8,360
8. Banking, finance, insurance, business services and leasing	0	73,916	47,325
9. (i) Industrial research and development in specialised research establishments only	0	2,089	961
(ii) Football pools only	0	66	24
Other	340	67,423	40,546
Total	7,800	1,440,737	876,789

(a) From 29 November 1984.

(b) No new approvals were made in financial year 1992-93. The differences in grant approved related to revisions to previous approvals.

TABLE 5 REVISED REGIONAL DEVELOPMENT GRANTS: VALUE OF PAYMENTS MADE BY REGION

£'000

Area	1993-94	1984-85 (a) to 1993-94	
	Payments	Grant in relation to approved projects (b)	Payments
Scotland	619	430,630	238,765
Wales	4,634	276,135	170,736
North East	1,401	287,561	194,315
North West	628	238,827	157,365
Yorkshire and Humberside	34	96,698	61,683
East Midlands	484	77,267	33,933
South West	—	33,619	19,992
Total	7,800	1,440,737	876,789

(a) From 29 November 1984.

(b) No new approvals were made in financial year 1993-94. The differences in grant approved related to revisions to previous approvals.

## APPENDIX 5

## Regional Enterprise Grants

## Applications Received, Offers Made, Offers Accepted, and Payments Made: 1 April 1993 to 31 March 1994

## 1. INVESTMENT GRANTS

Region	Applications:		Offers:				
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	Payments (£'000)
Scotland	248	15,959	171	1,297	158	1,188	980
Wales	126	7,989	78	605	70	572	499
North East	198	12,179	130	971	112	814	902
Yorkshire & Humberside	166	12,627	130	1,243	130	1,274	1,044
East Midlands	93	7,983	34	318	25	237	112
South West	108	6,989	79	684	72	628	368
North West	143	9,537	76	668	78	685	638
South East	8	1,598	4	23	1	1	—
West Midlands	78	6,753	15	119	10	98	20
Total	1,168	81,614	717	5,928	656	5,497	4,563

## 2. INNOVATION GRANTS

Region	Applications:		Offers:				
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	Payments (£'000)
Scotland	156	19,308	87	1,965	72	1,593	1,715
Wales	113	8,378	79	1,685	74	1,606	1,051
North East	52	3,757	42	939	39	874	595
Yorkshire & Humberside	256	36,210	165	3,900	164	3,860	2,202
East Midlands	110	11,578	59	1,319	57	1,297	711
South East	49	5,236	21	439	13	274	56
South West	40	3,030	27	589	26	567	371
West Midlands	74	5,598	34	753	38	853	509
North West	109	7,210	62	1,271	60	1,220	676
East	18	1,606	9	219	8	197	14
Total	977	101,911	585	13,079	551	12,341	7,900

## 3. TOTAL INVESTMENT AND INNOVATION GRANTS

Region	Applications:		Offers:				
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	Payments (£'000)
Scotland	404	35,267	258	3,262	230	2,781	2,695
Wales	239	16,367	157	2,290	144	2,178	1,550
North East	250	15,936	172	1,910	151	1,688	1,497
Yorkshire & Humberside	422	48,837	295	5,143	294	5,134	3,246
East Midlands	203	19,561	93	1,637	82	1,534	823
South East	57	6,834	25	462	14	275	56
South West	148	10,019	106	1,273	98	1,195	739
West Midlands	152	12,351	49	872	48	951	529
North West	252	16,747	138	1,939	138	1,905	1,314
East	18	1,606	9	219	8	197	14
Total	2,145	183,525	1,302	19,007	1,207	17,838	12,463

## 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.

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.

Assistance may also be offered in the form of Exchange Risk Cover on medium-term foreign currency loans from the European Coal and Steel Community.

Assistance may take just one of these forms or may be negotiated as a package involving a combination of project grant and 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 forms of assistance other than grants, are provided only in exceptional circumstances. Assistance is made available subject to any restrictions or limitation imposed by the European Community.

### Procedures and Delegation

The powers to provide Regional Selective Assistance in England are exercised by the Secretary of State for Trade and Industry, who also has responsibility for certain projects for the whole of Great Britain. In Scotland and Wales the powers are exercised by the Secretaries of State for Scotland and Wales respectively.

APPENDIX 7

Statistics Relating to Section 7 of the Industrial Development Act 1982

The tables in this appendix follow the same format as in last year's report. Details of schemes that have closed are given at table 8.

Cumulative information is shown from April 1984. The tables indicate where information relating to earlier years can be found.

TABLE 1 PROJECT GRANTS BY ASSISTED AREA  
APPLICATIONS RECEIVED 1 APRIL 1993 TO 31 MARCH 1994  
CUMULATIVE APPLICATIONS RECEIVED 1 APRIL 1984 TO 31 MARCH 1994

Country/Region	Applications Received 1.4.93 to 31.3.94						Cumulative Applications Received 1.4.84 to 31.3.94							
	Development Areas		Intermediate Areas		All Assisted Areas		Special Development Areas (1)	Development Areas		Intermediate Areas		All Assisted Areas		
	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)
Great Britain	1,116	411,072	1,109	216,254	2,225	627,326	416	121,397	7,423	2,838,330	11,010	1,550,325	18,849	4,510,052
Scotland	281	115,104	26	8,269	307	123,373	179	77,477	1,797	999,058	414	160,458	2,390	1,236,993
Wales	190	117,867	124	26,698	314	144,565	91	27,206	1,199	609,992	1,169	284,834	2,459	922,032
England	645	178,101	959	181,287	1,604	359,388	146	16,714	4,427	1,229,280	9,427	1,105,033	14,000	2,351,027
East	—	—	27	4,584	27	4,584	—	—	—	—	27	4,584	27	4,584
East Midlands	51	20,364	47	4,604	98	24,968	—	—	182	43,303	252	17,866	434	61,169
North East	243	60,453	31	2,983	274	63,436	73	10,782	1,986	488,823	413	42,879	2,472	542,484
North West	196	59,037	303	34,237	499	93,274	67	5,668	1,484	443,778	2,233	223,639	3,784	673,085
South East	8	3,695	43	3,937	51	7,632	—	—	8	3,695	43	3,937	51	7,632
South West	36	6,013	84	13,780	120	19,793	6	264	308	54,955	583	69,851	897	125,070
West Midlands (2)	62	13,727	249	94,020	311	107,747	—	—	62	13,727	4,346	519,547	4,408	533,274
Yorkshire and Humberside	49	14,812	175	23,142	224	37,954	—	—	397	180,999	1,530	222,730	1,927	403,729

(1) Period covered 1.4.82 to 29.11.84 when Special Development Areas ceased.  
(2) Granted Assisted Area status in November 1984.

TABLE 2 PROJECT GRANTS BY ASSISTED AREA  
OFFERS ACCEPTED 1 APRIL 1993 TO 31 MARCH 1994  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1984 (1) TO 31 MARCH 1994

Country/Area	No.	Offers Accepted 1.4.93 to 31.3.94				Cumulative Offers Accepted (2) 1.4.84 to 31.3.94				Payments 1.4.84 to 31.3.94 (4) (£'000)	
		Value (£'000)	Associated Project Costs (£'000)	Forecast (3) Employment		No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (3) Employment		
				New	Safeguarded				New	Safeguarded	
<b>Scotland:</b>											
Special Development Area	nil	nil	nil	nil	nil	141	55,215	608,468	8,441	4,383	77,747
Development Area	213	92,295	665,899	8,518	3,739	1,401	605,671	4,983,087	65,538	29,322	314,161
Intermediate Area	26	39,410	199,938	2,335	2,996	359	120,343	1,088,857	18,949	12,081	62,884
<b>Total</b>	<b>239</b>	<b>131,705</b>	<b>865,837</b>	<b>10,853</b>	<b>6,735</b>	<b>1,901</b>	<b>781,229</b>	<b>6,680,412</b>	<b>92,928</b>	<b>45,786</b>	<b>454,792</b>
<b>Wales:</b>											
Special Development Area	nil	nil	nil	nil	nil	57	24,785	162,597	3,999	2,302	31,822
Development Area	109	75,874	379,228	5,642	2,433	840	394,661	2,429,941	43,687	18,356	203,191
Intermediate Area	83	19,356	159,369	2,712	2,461	847	204,424	2,118,745	34,393	19,528	119,031
<b>Total</b>	<b>192</b>	<b>95,230</b>	<b>538,597</b>	<b>8,354</b>	<b>4,894</b>	<b>1,744</b>	<b>623,870</b>	<b>4,711,283</b>	<b>82,079</b>	<b>40,186</b>	<b>354,044</b>
<b>England:</b>											
Special Development Area	nil	nil	nil	nil	nil	151	57,555	595,440	10,072	2,512	90,139
Development Area	404	63,607	452,497	8,363	4,253	2,798	533,948	4,625,870	75,104	35,082	367,050
Intermediate Area	561	51,157	431,980	10,514	4,748	5,975	449,553	4,591,241	119,826	54,754	312,508
<b>Total</b>	<b>965</b>	<b>114,764</b>	<b>884,477</b>	<b>18,877</b>	<b>9,001</b>	<b>8,924</b>	<b>1,041,056</b>	<b>9,812,551</b>	<b>205,002</b>	<b>92,348</b>	<b>769,697</b>
<b>Great Britain:</b>											
Special Development Area	nil	nil	nil	nil	nil	349	137,555	1,366,505	22,512	9,197	199,708
Development Area	726	231,776	1,497,624	22,523	10,425	5,039	1,534,280	12,038,898	184,329	82,760	884,402
Intermediate Area	670	109,923	791,287	15,561	10,205	7,181	774,320	7,798,843	173,168	86,363	494,423
<b>Total</b>	<b>1,396</b>	<b>341,699</b>	<b>2,288,911</b>	<b>38,084</b>	<b>20,630</b>	<b>12,569</b>	<b>2,446,155</b>	<b>21,204,246</b>	<b>380,009</b>	<b>178,320</b>	<b>1,578,533</b>

- (1) Information prior to 1984-85 can be obtained from earlier Annual Reports of the Industrial Development Act.  
(2) Offers in Special Development Areas relate to applications received between 1.4.82 and 29.11.84 when such areas ceased.  
(3) Forecast employment figures are based on company forecasts for the project at the time of offer.  
(4) Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.

TABLE 3 PROJECT GRANTS IN ENGLISH REGIONS  
OFFERS ACCEPTED 1 APRIL 1993 TO 31 MARCH 1994  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1984 (1) TO 31 MARCH 1994

English Regions	Offers Accepted 1.4.93 to 31.3.94					Cumulative Offers Accepted 1.4.84 to 31.3.94					Payments 1.4.84 to 31.3.94 (3) (£'000)
	No.	Value (£'000)	Forecast (2) Employment		No.	Value (£'000)	Forecast (2) Employment		No.	Value (£'000)	
			New	Safeguarded			New	Safeguarded			
East	10	240	1,682	72	2	10	240	1,682	72	2	18
East Midlands	34	2,439	26,015	620	267	277	17,690	194,195	6,014	1,346	17,702
North East	194	34,988	267,125	4,191	1,934	1,751	324,185	3,167,595	53,352	17,163	247,055
North West	304	29,255	222,400	4,981	3,177	2,468	274,441	2,200,401	40,392	30,541	210,113
South East	18	400	3,304	122	98	18	400	3,304	122	98	36
South West	74	8,486	31,329	1,514	220	530	61,768	497,086	13,557	1,937	44,639
West Midlands	187	21,760	184,876	3,985	2,029	2,690	203,917	2,038,860	58,557	27,818	127,761
Yorkshire and Humberside	144	17,196	147,746	3,392	1,274	1,180	158,415	1,709,428	32,936	13,443	122,373

- (1) Information prior to 1984-85 can be obtained from earlier Annual Reports of the Industrial Development Act.  
(2) Forecast employment figures are based on company forecasts for the project at the time of offer.  
(3) Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.  
(4) Granted Assisted Area status in November 1984.

TABLE 4 PROJECT GRANTS—EMPLOYMENT  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1984 TO 31 MARCH 1992  
PAYMENTS AND EMPLOYMENT CREATED OR SAFEGUARDED 1 APRIL 1984 TO 31 MARCH 1994

Country/Region	Offers Accepted 1.4.84 to 31.3.92			Offers Accepted 1.4.84 to 31.3.92 where some payment made up to 31.3.94				
	No.	Value (£'000)	Forecast (1) Employment	No.	Value (£'000)	Forecast (1) Employment	Total payments to 31.3.94 (£'000)	Employment created and safeguarded to 31.3.94
Great Britain	10,036	1,856,032	457,204	8,903	1,750,594	411,395	1,322,106	333,212
Scotland	1,458	553,001	108,959	1,471	595,904	108,528	411,385	81,136
Wales	1,358	455,838	96,509	1,055	377,926	79,178	279,071	65,117
England	7,220	847,193	251,736	6,377	776,764	223,689	631,650	186,959
East Midlands	232	14,412	6,130	202	12,461	5,181	11,209	4,627
North East	1,401	263,965	60,252	1,256	250,736	54,041	205,942	42,165
North West	1,897	217,463	56,831	1,698	198,610	51,926	164,888	46,483
South West	392	46,906	12,414	335	41,616	10,905	34,061	9,276
West Midlands (2)	2,380	174,191	77,535	2,084	152,441	67,675	119,381	57,338
Yorkshire and Humberside	918	130,256	38,574	802	120,900	33,961	96,169	27,070

- (1) Forecast employment figures are based on company forecasts for the project at the time of offer.  
(2) Granted Assisted Area status in November 1984.

TABLE 5 PROJECT GRANTS (1) IN GREAT BRITAIN BY TYPE OF INDUSTRY  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1984 TO 31 MARCH 1994

Standard Industrial Classification (SIC) 1980		Cumulative Offers Accepted 1.4.84 to 31.3.94					Payments 1.4.84 to 31.3.94 (£'000)
		No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		
Class/Description					New	Safeguarded	
01-03	Agriculture, forestry and fishing	39	1,695	13,736	538	84	841
11-17	Energy and water supply industries	54	5,299	34,569	1,083	186	3,300
21-26	Extraction of minerals fuels; manufacture of metals, mineral products and chemicals	1,315	292,428	2,847,024	34,327	29,503	199,443
33, 34	Computers, electrical engineering	1,141	637,753	5,685,449	83,856	32,102	339,598
31, 32	Metal goods,	3,131	339,990	2,785,933	62,717	35,633	240,176
35-37	engineering and vehicles industry	742	356,243	2,980,750	38,335	27,313	
41, 42	Food, drink and tobacco	739	183,819	1,265,411	26,977	12,408	358,664
43-45	Textiles, leather, clothing and footwear	1,092	106,583	788,685	30,342	14,641	87,755
46-49	Timber, furniture, paper, printing, rubber, plastics and other manufacturing	2,710	345,315	3,292,857	60,935	22,200	245,037
50	Construction	163	7,648	64,529	3,670	278	5,753
61-67	Distribution, hotels and catering repairs	559	52,692	474,243	11,656	1,473	27,108
71, 72	Transport and	46	3,036	29,583	787	123	10,035
74-77	communications	92	13,874	191,102	3,417	363	
79		8	1,607	13,671	671	0	
81-85	Banking, finance, insurance, business services and leasing	544	60,692	480,278	15,815	1,324	33,766
91-99	Other services	194	37,481	256,426	4,883	669	27,057
Total		12,569	2,446,155	21,204,246	380,009	178,320	1,578,533

(1) Information on closed schemes and on Project Grants prior to 1984-85 can be obtained from earlier Annual Reports of the Industrial Development Act.

(2) Forecast employment figures are based on company forecasts for the project at the time of offer.

(3) Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.

TABLE 6 PROJECT GRANTS BY COUNTRY  
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1990-91 TO 1993-94

Country	Financial year of application, acceptance of payment	Applications		Offers Accepted (1)				Payments (3) (£'000)	
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		
							New	Safeguarded	
Great Britain:	1990-91	1,733	357,503	1,216	342,187	2,439,528	45,043	10,684	185,945
	1991-92	1,653	363,315	1,059	207,877	1,665,899	28,584	12,740	192,934
	1992-93	1,644	481,471	1,131	225,629	1,551,934	28,388	13,037	188,969
	1993-94	2,225	627,326	1,396	341,699	2,288,911	38,084	20,630	215,340
Scotland:	1990-91	239	101,531	195	174,593	1,113,174	17,134	3,731	66,815
	1991-92	203	90,740	160	52,557	332,577	6,517	1,891	63,560
	1992-93	246	149,892	198	73,728	519,896	8,485	2,729	59,170
	1993-94	307	123,373	239	131,705	865,837	10,853	6,735	69,845
Wales:	1990-91	264	89,229	200	79,372	429,933	9,560	2,572	30,238
	1991-92	249	87,069	200	76,953	626,240	8,316	4,931	55,094
	1992-93	230	108,712	194	72,801	465,814	7,786	4,722	58,740
	1993-94	314	144,565	192	95,230	538,597	8,354	4,894	50,838
England:	1990-91	1,230	166,743	821	88,222	896,421	18,349	4,381	88,892
	1991-92	1,201	185,506	699	78,367	707,082	13,751	5,918	74,280
	1992-93	1,168	222,867	739	79,100	566,224	12,117	5,586	71,139
	1993-94	1,604	359,388	965	114,764	884,477	18,877	9,001	94,657

(1) Accepted in period shown; includes projects for which the application was received in an earlier year. Revisions to offers in the year of initial acceptance.

(2) Forecast employment figures are based on company forecasts for the project at the time of offer.

(3) Payments made in period shown; includes payment on projects for which offer was accepted in an earlier year.

TABLE 7 PROJECT GRANTS IN ENGLISH REGIONS  
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1990-91 TO 1993-94

Region	Financial year of application, acceptance of payment	Applications			Offers Accepted (1)				Payments (3) (£'000)	
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)		Forecast (2) Employment		
						New	Safeguarded			
East:	1993-94	27	4,584	10	240	1,682	72	2	18	
East Midlands:	1990-91	27	2,735	17	335	4,630	124	73	1,333	
	1991-92	20	3,311	22	1,580	24,200	709	209	750	
	1992-93	25	3,066	11	839	11,530	236	107	662	
	1993-94	98	24,968	34	2,439	26,015	620	267	705	
North East:	1990-91	266	51,954	152	19,403	161,328	3,924	588	27,645	
	1991-92	221	47,753	160	16,732	115,293	3,475	870	26,934	
	1992-93	236	51,367	156	25,233	150,884	3,512	593	27,324	
	1993-94	274	63,436	194	34,988	267,125	4,191	1,934	32,109	
North West:	1990-91	354	47,587	259	27,551	274,062	4,597	1,547	26,845	
	1991-92	463	68,117	236	25,252	184,202	3,530	3,222	23,562	
	1992-93	410	104,028	267	27,723	174,342	3,152	2,792	18,937	
	1993-94	499	93,274	304	29,255	222,400	4,981	3,177	20,955	
South East:	1993-94	51	7,632	18	400	3,304	122	98	36	
South West:	1990-91	110	12,863	55	5,462	57,118	1,180	34	4,445	
	1991-92	116	9,541	71	4,191	23,458	752	119	5,474	
	1992-93	95	7,666	64	6,377	31,044	1,281	65	5,136	
	1993-94	120	19,793	74	8,486	31,329	1,514	220	6,481	
West Midlands:	1990-91	307	27,064	242	14,315	180,764	4,346	1,381	17,512	
	1991-92	228	20,261	131	12,600	140,217	3,112	1,099	8,721	
	1992-93	227	35,736	123	7,966	96,480	1,828	998	10,671	
	1993-94	311	107,747	187	21,760	184,876	3,985	2,029	13,826	
Yorkshire and Humberside:	1990-91	166	24,540	96	21,156	218,519	4,178	758	11,112	
	1991-92	153	36,523	79	18,012	219,712	2,173	399	8,839	
	1992-93	175	21,004	118	10,962	101,944	2,108	1,031	8,409	
	1993-94	224	37,954	144	17,196	147,746	3,392	1,274	20,527	

(1) Accepted in period shown; includes projects for which the application was received in an earlier year. Revisions to offers in the year of initial acceptance.

(2) Forecast employment figures are based on company forecasts for the project at the time of offer.

(3) Payments made in period shown; includes payment on projects for which offer was accepted in an earlier year.

TABLE 8 CLOSED SCHEMES  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1984 (1) TO 31 MARCH 1994

Country/Region	Old Criteria Grants (2)			OSIS Grants (3)			Training Grants (4)		
	No.	Cumulative Offers		No.	Cumulative Offers		No.	Cumulative Offers	
		Value (£'000)	Payments (£'000)		Value (£'000)	Payments (£'000)		Value (£'000)	Payments (£'000)
Great Britain	7	4,218	15,208	128	9,841	19,199	92	33,695	45,126
Scotland	—	—	6,152	25	3,312	4,161	37	22,794	27,871
Wales	—	—	1,159	31	2,881	4,311	6	1,041	3,011
England	7	4,218	7,897	72	3,648	10,727	49	9,860	14,244
East Midlands	0	0	0	5	1,125	2,882	1	25	271
North East	3	3,540	3,862	21	661	2,835	29	3,604	5,273
North West	0	0	2,351	23	877	2,423	7	1,537	1,685
South West	3	78	129	10	629	641	1	598	885
West Midlands (5)	1	600	1,555	0	0	0	7	3,674	4,466
Yorkshire and Humberside	0	0	0	13	356	1,946	4	422	1,664

(1) Information prior to 1984-85 can be obtained from earlier Annual Reports of the Industrial Development Act.

(2) Include Interest Relief and Removal Grants. Closed to new applications from July 1979.

(3) OSIS = Office and Service Industries Scheme. Closed to new applications from November 1984.

(4) Closed to new applications from December 1988.

(5) Granted Assisted Area status in November 1984.



TABLE 9 PAYMENTS MADE BY FINANCIAL YEAR FROM 1984-85(1) FOR GREAT BRITAIN

£'000

<i>Financial Year</i>	<i>Project Grants</i>	<i>Old Criteria Grants (2)</i>	<i>Training Grants</i>	<i>OSIS Grants (3)</i>	<i>Total</i>
1984-85	87,929	3,761	7,936	7,493	107,119
1985-86	101,009	4,265	15,735	4,777	125,786
1986-87	116,262	2,048	8,312	2,651	129,273
1987-88	141,787	1,629	6,325	2,873	152,614
1988-89	176,167	3,505	2,088	1,268	183,028
1989-90	173,476	—	3,000	136	176,612
1990-91	185,945	—	1,555	—	187,500
1991-92	192,934	—	96	—	193,030
1992-93	188,969	—	80	—	189,049
1993-94	215,340	—	—	—	215,340

(1) Information prior to 1984-85 can be obtained from earlier Annual Reports of the Industrial Development Act.

(2) Include Interest Relief and Removal Grants.

(3) OSIS = Office and Service Industries Scheme.

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

The Exchange Risk Guarantee Scheme was introduced in January 1978 and was originally designed to encourage private firms in 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). From 1985 onwards, exchange risk cover was restricted to ECSC loans only, 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. From 25 October 1993 the Department's contractual obligation to provide cover under the scheme was confined to sub-loans drawn in foreign currency from global loans for which an Exchange Risk Guarantee Agreement was already in place. No new Agreements will be issued in respect of future global loans.

### **European Coal and Steel Community (ECSC)**

ECSC loans are available, in coal or steel closure areas designated by the European Commission under Article 56 of the Treaty of Paris, for projects in most sectors of industry which provide employment opportunities. Up to £500,000 of any sub-loan taken

in a foreign currency from a global loan already in existence on October 25 1993 is eligible for exchange risk cover. The loans are medium-term (generally eight years) and bear a fixed rate of interest. They have historically been made in foreign currencies, but sterling loans are now available on similar terms. Depending on the number of new jobs created, 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**

The ECSC lends up to 50 per cent of the fixed capital of qualifying projects. Loans (minimum £10,000) are available through 3i, most major clearing banks and the Welsh Development Agency, which have global loan agreements with the ECSC. Loans of more than 5 million ecu or in connection with projects worth more than 7.5 million ecu are negotiated directly with the ECSC.

### **Progress of the scheme**

There have been no disbursements of new foreign currency loans since March 1992.

## APPENDIX 9

## Financial Assistance under Section 13 of the Industrial Development Act 1982

TABLE IMPROVEMENT OF BASIC SERVICES IN THE ASSISTED AREAS

Department	Service	Applications				Applications Approved			
		Brought Forward from 1992-93	Received in 1993-94	Rejected	Withdrawn	Under Consideration	Number	Estimated Cost (a) (£'000)	Estimated Grant (a) (£'000)
Department of the Environment	Sewerage	60	17	3	5	54	15	11,700	944
	Water	25	1	nil	nil	25	1	7,741	84
Department of Transport	Roads	15	32	4	3	15	25	13,554	3,613
Scottish Office	Roads	53	42	14	nil	4	77	6,598	1,949
Industry Department	Sewerage	6	1	nil	nil	1	6	3,617	1,085
	Water supply	1	2	nil	nil	2	1	10	3
Environment Department	Roads	13	9	2	5	8	7	5,282	1,275
	Water	22	16	4	2	29	3	213	15
	Sewerage	10	9	nil	nil	15	4	17,371	601
Welsh Office	Gas/electricity	nil	nil	nil	nil	nil	nil	nil	nil
Department of Trade and Industry		nil	nil	nil	nil	nil	nil	nil	nil
<b>Total</b>		<b>205</b>	<b>129</b>	<b>27</b>	<b>15</b>	<b>153</b>	<b>139</b>	<b>66,086</b>	<b>9,569</b>

(a) These figures represent the position at 31 March 1994 for those applications approved during the year.

## 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 31.3.94

Region	Status of area (a)	Leaseable Stock							
		Total		Occupied		Vacant		Under Construction (b)	
		units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs
North East	AA	1,033	532,901	698	427,846	335	105,055	30	27,704
	NAA	87	8,201	71	6,716	16	1,485	Nil	Nil
North West	AA	1,222	279,536	889	194,649	333	84,887	24	18,159
	NAA	265	34,354	172	23,941	93	10,413	Nil	Nil
Yorkshire and Humberside	AA	337	88,989	204	57,874	133	31,115	8	8,265
	NAA	261	44,754	141	27,691	120	17,063	Nil	Nil
East Midlands	AA	110	15,805	75	10,277	35	5,528	15	10,040
	NAA	196	23,675	120	16,874	76	6,801	2	370
West Midlands	AA	10	2,831	10	2,831	0	0	Nil	Nil
	NAA	131	18,704	91	12,370	40	6,334	4	554
South West	AA	467	76,348	305	51,279	162	25,069	8	2,618
	NAA	249	27,481	156	18,152	93	9,329	Nil	Nil
South East	AA	322	32,527	205	19,792	117	12,735	Nil	Nil
	Total	4,690	1,186,106	3,137	870,292	1,553	315,814	91	67,710

(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 1994

Region	1993	1994
North East	22,038	16,284
North West	11,383	9,331
Yorkshire and Humberside	4,004	2,894
East Midlands	729	575
West Midlands	673	588
South West	3,340	3,184
South East	1,190	779
Total Leased	43,357	33,635
Sold by English Estates or privately built on English Estates land	129,488	138,518
Total	172,845	172,153

TABLE 3 ENGLISH ESTATES: PREMISES

Region	Status of area (a)	Occupied during 1993-94 (b)		Vacated during 1993-94		Reserved Vacant at 31.3.94		Available for Letting at 31.3.94 Vacant minus Res. Vacant		Vacancy rate
		units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs	
North East	AA	206	53,793	140	45,159	42	16,701	293	88,354	16.6
	NAA	19	1,644	5	305	4	393	12	1,092	13.3
North West	AA	191	38,810	142	36,149	43	15,053	290	69,834	25.0
	NAA	55	5,725	48	4,854	15	1,800	78	8,613	25.1
Yorkshire and Humberside	AA	70	12,592	65	10,441	7	4,404	126	26,711	30.0
	NAA	35	4,619	42	5,092	6	708	114	16,355	36.5
East Midlands	AA	33	2,971	17	2,141	2	140	33	5,388	34.1
	NAA	87	8,717	72	6,043	0	0	76	6,801	28.7
West Midlands	AA	0	0	1	93	0	0	0	0	0.0
	NAA	28	3,205	18	2,355	0	0	40	6,334	33.9
South West	AA	110	12,433	107	11,713	2	190	160	24,879	32.6
	NAA	73	6,721	70	6,030	11	1,347	82	7,982	29.0
South East	AA	132	11,854	106	10,082	0	0	117	12,735	39.2
	Total	1,039	163,084	833	140,457	132	40,736	1,421	275,078	23.2

(a) AA—Assisted Area; NAA—Non-Assisted Area

(b) Occupied includes Lettings plus Extensions and Custom Built Units

TABLE 4 FACTORY BUILDING COMPLETED DURING 1993-94

Region	Status of Area (a)	Department of Trade and Industry		Private Sector (b)		Rural Development Commission		Extensions and Custom Built		Total	
		units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs	units	area sq. mtrs
North East	AA	59	16,313	Nil	Nil	24	2,267	2	3,503	85	22,085
	NAA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	0
North West	AA	90	24,418	Nil	Nil	Nil	Nil	Nil	Nil	90	24,418
	NAA	Nil	Nil	Nil	Nil	5	465	Nil	Nil	5	465
Yorkshire and Humberside	AA	11	1,029	Nil	Nil	11	853	1	3,252	23	5,134
	NAA	Nil	Nil	Nil	Nil	6	622	1	759	7	1,381
East Midlands	AA	10	921	Nil	Nil	7	837	Nil	Nil	17	1,758
	NAA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	0
West Midlands	AA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	0
	NAA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	0
South West	AA	2	1,860	Nil	Nil	Nil	Nil	Nil	Nil	2	1,860
	NAA	Nil	Nil	Nil	Nil	5	465	Nil	Nil	5	465
South East	AA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	0
	Total	172	44,541	0	0	58	5,509	4	7,516	234	57,566

(a) AA—Assisted Area; NAA—Non-Assisted Area

(b) There was no building undertaken in the Private Sector

TABLE 5 RENT FREE PERIODS GRANTED BY ENGLISH ESTATES DURING 1993-94

<i>Region</i>	<i>Number</i>	<i>Value</i>
North East	20	£708,563.16
North West	22	£233,974.50
Yorkshire and Humberside	2	£57,095.50
East Midlands	Nil	Nil
West Midlands	3	£5,519.99
South West	8	£34,955.00
South East	Nil	Nil
<b>Total</b>	<b>55</b>	<b>£1,040,108.15</b>

TABLE 6 EXPENDITURE AND RECEIPTS IN RESPECT OF LAND AND FACTORY BUILDINGS 1993-94

	<i>£'000</i>
<i>Expenditure (a)</i>	
Land acquisition	14,289
Cost of works and modernisation of factories	<u>50,733</u>
	65,022
<i>Receipts (b)</i>	
Net rents	2,781
Cash sales of land and buildings	52,616
Capital instalments of credit sales of land and buildings	75
Interest in respect of credit sales	44
Other capital receipts	<u>2,376</u>
	57,892
Capital expenditure funded by the Rural Development Commission (c)	3,792

(a) Includes £16.1 million capital expenditure at Chatham and £14.5 million on the Coal Closure Programme and £3.1 million on the Cumbria Special Programme.

(b) Excludes £0.8 million net rents and £12.7 million capital receipts in respect of RDC properties.

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

TABLE 7 ANALYSIS OF 1993-94 DTI CAPITAL EXPENDITURE (Includes Chatham, Coal Closure and Managed Workspace)

<i>Region</i>	<i>Expenditure (£'000s)</i>
North East	16,978
Cumbria	5,547
North West	12,612
South West	2,199
Yorkshire and Humberside	11,594
West Midlands	0
East Midlands	0
South East	16,092
<b>Total</b>	<b>65,022</b>

TABLE 8 MORTGAGE GUARANTEE SCHEME

<i>Region</i>	<i>Number</i>	<i>Amount</i>
* Guarantees given in the year ended 31.3.94	2	£118,000
† Total potential liability at 31.3.94	49	£5,303,534
‡ Guarantees called in the year ended 31.3.94	0	£-
§ Total guarantees called to 31.3.94	15	£2,266,100
Y/E 31.3.85	1	152,000
Y/E 31.3.86	6	1,240,500
Y/E 31.3.87	1	100,000
Y/E 31.3.88	—	—
Y/E 31.3.89	5	433,500
Y/E 31.3.90	—	—
Y/E 31.3.91	1	250,000
Y/E 31.3.92	1	90,100
Y/E 31.3.93	—	—
Y/E 31.3.94	—	—
	15	2,266,100

DEFINITION

- \* Original value of guarantees
- † Outstanding balances, including interest, as notified to us by Banks
- ‡ Original value of guarantees

RECONCILIATION

Guarantees O/S 31.3.93	56
Guarantees given 1993–94	<u>2</u>
	58
Failures 1993–94	0
Loans repaid by tenant	<u>9</u>
Guarantees O/S 31.3.94	<u>49</u>

## APPENDIX 11

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

TABLE SUMMARY OF APPLICATIONS AND OFFERS TO 31 MARCH 1994

	Date of Introduction	Closing date for applications	Applications			Offers		Payments (£'000)		
			Received	Rejected or withdrawn	Under consideration at 31.3.93	Number	Project costs (£'000)	Assistance offered (£'000)	Cumulative	Year to 31.3.94
<i>Schemes open for applications 31.3.94</i>										
Regional Enterprise Grants	11.4.88	Not applicable	15,365	N/A	N/A	9,296	N/A	95,410	55,609	12,463
<b>Total</b>			15,365	N/A	N/A	9,296	N/A	95,410	55,609	12,463
<i>Schemes closed for applications at 31.3.94 with transactions outstanding</i>										
<i>General</i>										
Certification Schemes	April '83	16.12.91	96	39	nil	57	10,864	3,182	2,795	135
Assistance for Exceptional Projects (d)	12.1.88	28.2.93	56	53	nil	3	312,500	25,000	7,930	3,000
<b>Total</b>			152	92	nil	60	323,364	28,182	10,725	3,135
<i>Schemes closed for applications at 31.3.94 with no transactions outstanding</i>										
<i>General</i>										
Accelerated Projects	15.4.75	31.7.76	297	186	nil	111	586,107	70,659	69,829	nil
Selective Investment Scheme	15.12.76	30.6.79	766	590	nil	176	1,055,834	108,372	98,174	nil
Support for Major Projects	17.7.79	18.3.89	471	285	nil	186	688,675	69,469	53,532	nil
<i>Other</i>										
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 and Board	15.6.76	30.6.78	149	52	nil	97	86,986	19,388	18,725	nil
Non-Ferrous Foundry	24.1.77	31.1.78	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 and 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
Redmeat Slaughterhouse	9.11.76	30.11.80	498	126	nil	372	116,156	16,152	12,980	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
Quality Assurance	20.6.83	19.12.86	693	181	nil	546	18,909	4,257	3,053	nil
Microelectronics Industry Support Programme 1	26.7.78	12.1.88	204	38	nil	166	276,430	59,047	53,293	nil
Investment Support for Microelectronics	19.3.84	12.1.88	184	74	nil	150	144,635	41,696	25,934	nil
Fibre Optics	27.1.81	12.1.88	35	9	nil	26	41,379	5,965	4,402	nil
Advanced Manufacturing Technology (bc)	8.6.82	30.6.86	612	271	nil	341	267,304	59,319	44,767	nil
Coal Firing Scheme	22.5.81	30.6.87	911	481	nil	430	274,369	50,319	47,230	nil
<b>Total</b>			24,531	6,857	nil	17,928	5,344,964	945,001	761,587	nil
<b>Total (all Schemes)</b>			40,048	6,949	nil	27,284	5,668,328	1,068,593	827,921	15,598

(a) Does not include Small Firms Loan Guarantee Scheme, Energy Management Assistance 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.

(d) Scheme suspended from 1.3.93.



APPENDIX 12

**Small Firms Loan Guarantee Scheme**

TABLE 1: GUARANTEES ISSUED FROM INCEPTION IN JUNE 1981 TO 31 MARCH 1994 BY REGION

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	2,336	80.928
Wales	1,946	55.579
North East	1,830	51.641
Yorkshire & Humberside	2,811	79.734
East Midlands	2,888	87.22
London & South East	13,510	462.30
South West	4,248	120.781
West Midlands	3,023	91.099
North West	4,211	121.372
Northern Ireland	388	15.357
<b>Total</b>	<b>37,191</b>	<b>1,166.011</b>

TABLE 2: GUARANTEES ISSUED FROM 1 JULY 1993 TO 31 MARCH 1994 BY REGION

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	205	11.780
Wales	176	6.720
North East	112	4.274
Yorkshire & Humberside	234	9.569
East Midlands	392	15.096
London & South East	1,057	48.226
South West	526	20.207
West Midlands	291	12.155
North West	205	9.513
Northern Ireland	25	1.888
<b>Total</b>	<b>3,223</b>	<b>139.428</b>

## 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 an equivalent. Adoption of a system meeting the requirements of the standard assists firms improve the efficiency of their operations, saving time and money which might otherwise be wasted due to the need for reworking caused by production errors. In addition, it enables the firm to

gain recognition of their improved efficiency, increasing customer confidence in product reliability and thereby providing a valuable marketing tool.

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.

## Assistance for Exceptional Projects

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

improvements in the performance of other United Kingdom companies, such as customers or suppliers to the applicant, and/or a substantial long-term impact on United Kingdom capability in a significant activity.

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

The project is commercially viable; and

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

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

Assistance for Exceptional Projects is jointly funded under Section 8 of the Industrial Development Act 1982 and Section 5 of the Science and Technology Act 1965.

The scheme was suspended with effect from 1 March 1993 and applications were not accepted in 1993-94.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1994

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	9	254,308	9	254,308	nil	nil	nil	nil	nil	nil
Wales	3	81,500	1	34,000	nil	nil	2	47,500	5,000	4,930
North East	1	40,000	1	40,000	nil	nil	nil	nil	nil	nil
Yorkshire and Humberside	8	487,600	8	487,600	nil	nil	nil	nil	nil	nil
East Midlands	2	56,050	2	56,050	nil	nil	nil	nil	nil	nil
South East	15	696,615	14	431,615	nil	nil	1	265,000	20,000	3,000
South West	3	20,867	3	20,867	nil	nil	nil	nil	nil	nil
West Midlands	6	62,295	6	62,295	nil	nil	nil	nil	nil	nil
North West	9	77,875	9	77,875	nil	nil	nil	nil	nil	nil
Total	56	1,777,110	53	1,464,610	nil	nil	3	312,500	25,000	7,930
of which in year ended 31.3.94	nil	nil	4	245,750	nil	nil	1	265,000	20,000	3,000

## Assistance to the Shipbuilding Industry

### Home Credit Scheme for Shipbuilding

In the year to 31 March 1994 payments of interest from the banks totalled £6.1 million. These were made to the Department under the authority of the Industry Act 1975 (Section 25).

#### STATEMENT OF GUARANTEES FOR THE YEAR ENDED 31 MARCH 1994

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1993 (a)	329	749,157
Guarantees offered in year 1993-94 (a)	6	21,918
Repayments in year 1993-94 (b)	147	213,695
Guarantees current on 31 March 1994(a)	188	557,380

(a) Figures are inclusive of guarantees offered but not yet accepted.

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

## The Enterprise Initiative: Consultancy Help

The aim of the Consultancy Help Scheme under the Enterprise Initiative is to improve management performance and competitiveness in small and medium-sized enterprises by offering subsidised consultancy to encourage the use of outside expertise as a regular part of the management strategy.

The management functions covered by the Scheme include:

- 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)
- financial and management information systems (covering all areas of financial and management data and accounting as a basis for decision making and control)
- manufacturing and services 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

Consultancy Help is available to most British-based firms and members of groups with fewer than 500 employees worldwide, with a few exceptions (eg those engaged in agriculture, charities or franchise operations). Each firm or member of a group may receive support for one project in one of the key management areas of between five and 15 consultant days. DTI contributes one-third of the cost (one-half in Assisted and Urban Programme Areas).

### Procedure

Applicants receive an initial, free Business Review lasting up to two days, carried out by an Enterprise Counsellor (an experienced business person retained by DTI) to assess the needs of the firm and its ability to benefit from an assisted consultancy. The Enterprise Counsellor also provides signposting to other forms of public and private sector assistance where appropriate and takes the opportunity to ensure that the firm is aware of the implications of the Single Market and other issues affecting firms' competitiveness, such as technology, purchasing and the environment.

If the Counsellor recommends an assisted consultancy, the case is referred to one of the Department's independent Scheme Contractors who will match an appropriate consultant to the needs of the firm and oversee and monitor the quality of 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 scheme if they have either two years' experience of independent operation, and can demonstrate that they have the appropriate expertise and skills. Consultancy practices contribute to the costs of the administration and promotion of the scheme through the payment of application, listing and project fees.

The principal Scheme Contractors are:

- (a) Enterprise Support Ltd (for business planning and financial and management information systems)
- (b) Design Council (for design)
- (c) Pera International (for manufacturing and services systems and quality)
- (d) Chartered Institute of Marketing (for marketing)
- (e) Salford University Business Services Ltd—Quality (North West)

### Instalment projects

These five-day projects with standard Terms of Reference were introduced for the benefits of smaller firms (normally fewer than 25 employees) who, in the opinion of the Enterprise Counsellor, are unsure about the benefits of consultancy and who have limited resources. Firms who undertake instalment projects have the option of extending their projects to the full 15 days.

### Post Completion Visit

Six to 12 weeks after project completion the firm has the option of a further visit from the Enterprise Counsellor who will review the effectiveness of the project, check to see if the firm was satisfied with the consultant and discuss implementation of the consultant's recommendations.

### Evaluation

Three independent evaluation studies have been undertaken, on behalf of the Department, by Segal Quince Wicksteed. The first consisted of a sample of 420 early projects and the results were published in June 1989.

The second evaluation (in two parts) included a further survey of the initial 420 firms to establish the commercial benefits they obtained from consultancy, and also a survey of 420 new firms to assess attitudes to consultancy of latter participants in the scheme. The results were published in February 1991.

The third evaluation presented the findings of the follow-up interviews with the second sample of cases. The survey focused on an assessment of the impact of the Scheme on business performance, on firms' levels of satisfaction with consultants' methods and approaches, and on their future requirements for outside help. The results were published in March 1994.

TABLE 1 APPLICATIONS TO 31 MARCH 1994 (cumulative from January 1988)

Region	Applications Received	Applications Not Recommending Consultancy		Projects Approved	Projects Completed	Actual Spend (£'000)*
		Pre Business Review	At Business Review			
Scotland	8,611	432	977	6,662	4,862	20,882
Wales	7,230	434	1,399	5,103	3,579	15,215
North East	5,769	165	1,092	4,292	2,925	12,212
Yorks & Humberside	12,224	671	1,992	9,045	6,420	27,135
East Midlands	8,474	221	1,608	6,210	4,137	15,445
East	11,684	254	2,927	7,855	4,889	16,705
South East	36,736	1,765	6,860	25,577	15,760	57,593
South West	12,226	185	2,903	8,220	5,150	18,077
West Midlands	14,475	352	2,678	10,327	7,260	30,889
North West	18,413	633	2,470	14,416	10,089	37,604
Total	135,842	5,112	24,906	97,707	65,071	251,757

\* Actual spend Consultancies—including Business Reviews

TABLE 2 PROJECTS APPROVED BY ASSISTED AREA AND URBAN PROGRAMME AREA TO 31 MARCH 1994 (cumulative from January 1988)

Region	Projects Approved	AA/UPA%
Scotland	6,662	79.5
Wales	5,103	90.8
North East	4,292	96.1
Yorks & Humberside	9,045	75.6
East Midlands	6,210	32.2
East	7,855	0.0
South East	25,577	17.3
South West	8,220	26.9
West Midlands	10,327	71.7
North West	14,416	66.4
Total	97,707	47.6

(a) Assisted Areas as defined August 1993 by the Department of Trade and Industry.

(b) For the purpose of the EI Consultancy scheme, 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 1994 (cumulative from January 1988)

Region	Projects Approved	Production %	Services %
Scotland	6,662	45.0	55.0
Wales	5,103	55.6	44.4
North East	4,292	51.2	48.8
Yorks & Humberside	9,045	59.0	41.0
East Midlands	6,210	61.1	38.9
East	7,855	47.7	52.3
South East	25,577	33.7	66.3
South West	8,220	43.2	56.8
West Midlands	10,327	61.5	38.5
North West	14,416	52.7	47.3
Total	97,707	48.1	51.9

TABLE 4 PROJECTS APPROVED BY SIZE OF FIRM TO 31 MARCH 1994 (cumulative from January 1988)

Region	Projects Approved	Size of Firm (%)				
		<10	10-24	25-99	100-199	200-499
Scotland	6,662	33.8	28.8	27.7	6.3	3.4
Wales	5,103	40.6	29.9	23.9	4.1	1.4
North East	4,292	38.4	29.5	24.7	4.8	2.0
Yorks & Humberside	9,045	35.1	30.3	27.2	5.3	2.3
East Midlands	6,210	31.5	30.0	29.1	6.1	2.9
East	7,855	38.6	29.4	25.5	4.5	1.8
South East	25,577	41.7	28.9	23.3	3.9	1.7
South West	8,220	43.7	27.9	23.2	3.7	1.6
West Midlands	10,327	33.6	31.1	28.2	4.9	2.0
North West	14,416	37.7	29.6	25.8	4.3	1.9
Total	97,707	38.2	29.5	25.5	4.6	2.0

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

During the year, some changes were made to the membership of some of the Boards. The names below represent the position at 31 March 1994.

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