

# Industrial Development Act 1982

## Annual Report

by the Secretaries of State for Trade and Industry,  
Scotland and Wales  
for the year ended 31 March 1996

*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  
23 July 1996*

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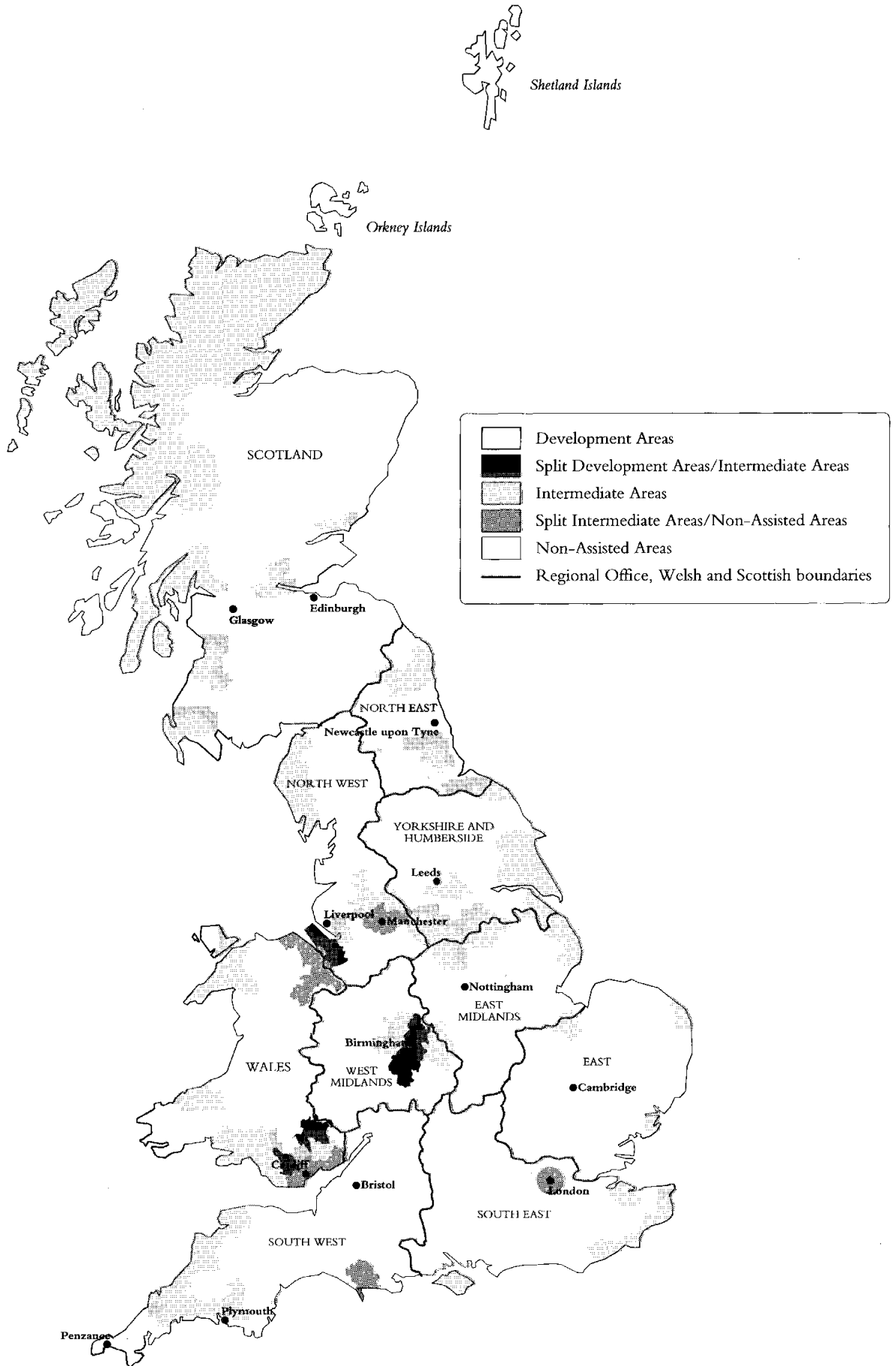
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## ABBREVIATIONS

ABCC	Association of British Chambers of Commerce
AEP	Assistance for Exceptional Projects
CAT	City Action Team
CBI	Confederation of British Industry
CI	Consultancy Initiatives
DCDI	Devon and Cornwall Development International
DTI	Department of Trade and Industry
EC/EU	European Community/Union
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EIB	European Investment Bank
EIDB	Eastern Industrial Development Board
EIEC	English Industrial Estates Corporation
EMDC	East Midlands Development Company
ERDF	European Regional Development Fund
ERGS	Exchange Risk Guarantee Scheme
FBSMs	Flexible Business Support Measures (under ERDF)
GDP	Gross Domestic Product
HCSS	Home Credit Scheme for Shipbuilding
IBB	Invest in Britain Bureau
IDAB	Industrial Development Advisory Board
INWARD	The Industrial Development and Inward Investment Organisation for the North West and Merseyside regions
NEIDB	North East Industrial Development Board
NWIDB	North West Industrial Development Board
OECD	Organisation for Economic Co-operation and Development
R&D	Research and development
RDG	Regional Development Grant scheme
REG	Regional Enterprise Grant scheme
RECHAR	European Regional Development Fund Community Programme for Coal Mining Areas
RENAVAL	European Regional Development Fund Community Programme for Shipbuilding Areas
RETEX	European Regional Development Fund Community Programme for Textile areas
RSA	Regional Selective Assistance scheme
SFLGS	Small Firms Loan Guarantee Scheme
SIDAB	Scottish Industrial Development Advisory Board
SIF	Shipbuilding Intervention Fund
SMEs	Small and medium sized enterprises
SWIDB	South West Industrial Development Board
TEC	Training and Enterprise Council
TTWA	Travel-to-Work Area
URBAN	European Regional Development Fund Community Programme for Inner City Areas
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 1996, describes the exercise of powers under the Industrial Development Act 1982 referred to in Section 11 and 15 of the Act, including the powers under past legislation which the Act consolidated. Sections 11 and 15 of the Act 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. 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

3. 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 2.

## Regional Development Grants

4. After 31 March 1988 the revised RDG scheme was closed to new applications. Grant payments continue to show a substantial decline. Payments under the revised RDG scheme in 1995-96 were £0.56 million in England, £0.04 million in Wales and nil in Scotland. Further details are at Appendix 3.

## Regional Enterprise Grants

5. 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:*

6. Grants are available for projects taking place in Development Areas and localities affected by colliery closures for firms with no more than 25 full time (or equivalent) employees.

7. 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 secondhand), 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 for firms with no more than 50 full time (or equivalent) employees.

9. 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.

10. 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.

11. 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.

12. The REG scheme in England became part of the Single Regeneration Budget, and the responsibility of the Department of the Environment, in April 1994 and therefore lost its "GB" status. It is administered by the Government Offices for the regions (in England only), the Scottish Office Education and Industry Department and the Welsh Office Industry and Training Department.

13. In Scotland, the REG (Innovation) scheme closed for applications on 31 December 1995. Scottish Enterprise and Highlands and Islands Enterprise have now assumed responsibility for providing similar support to small companies and will do so throughout Scotland. (In Lowland Scotland this support is delivered through the network of local enterprise companies).

14. During the year businesses in Great Britain submitted 2,013 applications. Offers of grant valued at £21.3 million were accepted in respect of 1,287 cases. Fuller statistical details are contained in the tables at Appendix 4.

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

15. 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 modernization or rationalization which maintain or safeguard existing employment. The criteria for RSA are set out in Appendix 5.

16. Set out below are brief details of RSA applications received and offers accepted by industry during 1995-96. Offers may relate to applications received in prior years.

	Applications		Offers accepted	
	No	Value £m	No	Value £m
England	1853	349	1374	160
Scotland	256	231	206	94
Wales	217	93	176	59
Great Britain	2326	673	1756	313

Further details are at Appendix 6 and Appendix 9 (Table 2).

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

17. 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, they also enhances Government and locally initiated business development measures.

18. ERDF grants are allocated through a number of Single Programme Documents (successor of, but not identical with, the Community Support Frameworks that were in place up to 31 December 1993) in areas defined by the European Commission under Objectives 1 (areas lagging behind in development), Objective 2 (industrial and urban

areas) and Objective 5b (rural areas). Additional grants are made available through a number of Community Initiatives that are targeted at specific sectors (such as the conversion of textile areas under RETEX and the regeneration of inner cities under URBAN).

19. ERDF grants in 1995-96 for business development measures in England amounted to £14.2 million. The ERDF also contributed £2.1 million towards total expenditure of £6.5 million on Flexible Business Support Measures (FBSMs) available in areas eligible for assistance under the RECHAR (coal areas) and RENAVAL (shipbuilding areas) Community Initiatives.

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

#### *Exchange Risk Guarantee Scheme (ERGS)*

20. ERGS was introduced in January 1978 under sections 7 and 8 of the Act. It was designed to encourage manufacturing industry, and certain service sectors qualifying for RSA in Assisted Areas and Northern Ireland, to take advantage of foreign currency loans available from the European Investment Bank (EIB) and the European Coal and Steel Community (ECSC) where such loans were at lower interest rates than sterling loans, by providing a guarantee against the exchange risk. Liability was in sterling. The borrowers' liability was in sterling and, in return for an annual premium, the Government accepted the exchange risk on the outstanding loan.

21. Since 1985, ERGS cover has been available only for the first £500,000 of an ECSC loan. On 25 October 1993, the Scheme was closed to new applications in respect of new global loans negotiated between the United Kingdom financial intermediaries and the European Commission.

22. At 31 March 1996, ECSC loans totalling £1,113.5 million had attracted exchange risk cover. In 1995-96, the Scheme made a gross loss of £33.1 million. Its cumulative losses amount to £192.9 million.

23. There have been no new offers of cover in respect of sub-loans for individual projects since March 1992 and no new ECSC loans will be made after 31 December 1996. All loans will be repaid before 31 December 2001, and ERGS commitments will end before that date. Further details of ECSC Article 56 conversion loans are at Appendix 7.

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

#### *Improvement in Basic Services*

25. During the year, 31 applications were received for grant towards improvement of basic services in the Assisted Areas. At 31 March 1996

grants totalling £5.2 million had been approved towards 62 schemes costing £24.3 million. Further details are at Appendix 8.

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

26. 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 1996 are set out in paragraphs 27 to 38. Information on measures that closed for application before 31 March 1996 and on which payments were made during the year is set out in paragraphs 39 to 47 and at Appendix 9 [Table 1].

### **Measures open for application at 31 March 1996**

#### *Small Firms Loan Guarantee Scheme*

27. The Scheme offers guarantees on loans to small firms with viable business proposals that are unable to obtain conventional finance because they lack security to offer against a loan. By providing a guarantee against default the scheme encourages lenders to lend where they would not otherwise do so.

28. Loans over periods of between 2 and 7 years are provided by participating banks and other financial institutions which take responsibility for commercial decisions affecting borrowers. For established businesses that have been trading for two years or more at the time of application the Department provides an 85 per cent guarantee on loans of up to £250,000. For other businesses, including start-ups, the guarantee is 70 per cent on loans of up to £100,000. In return for the guarantee the borrower pays a premium to the Department. For loans with a fixed rate of interest the premium is 0.5 per cent a year while for loans with a variable rate of interest the premium is 1.5 per cent a year. For all businesses trading from an address within an Inner City Task Force or City Challenge area the guarantee is 85 per cent and the premium is 0.5 per cent a year.

29. Loans of up to £30,000, from some of the approved lenders, 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.

30. Since the start of the Scheme in June 1981 over 50,000 loans, valued at over £1.6 billion, have been guaranteed.

31. Changes to the scheme were announced on 22 March 1996. Because of changes in EC State Aid rules a number of sectors were immediately withdrawn from eligibility for assistance under the

scheme. Other changes resulting from a review of the scheme were expected to be introduced on 1 September 1996.

32. The table at Appendix 10 gives a breakdown of guarantees issued since 1981.

#### *Energy Management Assistance Scheme (EMAS)*

33. This scheme was operated by the Department of the Environment. EMAS closed for new applications on 31 March 1995 and for subsequent stages on 29 September 1995. The scheme closed for final claims for grants on 31 January 1996.

34. EMAS operated for three years and provided grant assistance to small companies to help them meet the cost of hiring consultancy advice to enable them to improve their energy efficiency. In total, over a period of three years, 7,000 small firms applied for grant aid and £4.5 million was spent on assistance to small businesses to help them identify savings in energy use.

#### *The Small Company Environmental and Energy Management Assistance Scheme (SCEEMAS)*

35. The Scheme is operated by the Department of the Environment. SCEEMAS is an adaptation of Energy Management Assistance Scheme and was launched in November 1995. SCEEMAS provides grant assistance to help small manufacturing firms hire consultancy advice to help them improve their environmental management and to encourage them to register under the EC Eco-Management and Audit Scheme.

36. Grants of up to 50 per cent are available to cover the cost of approved consultancy work for one or more stages: 1) for undertaking an Environmental Review, 2) for implementing an Environmental Management System and 3) for producing an independently verified environmental statement and registering the company's site under the EC Eco-management and Audit Scheme. The small firm can enter at any stage depending on their requirements and the level of implementation already achieved. Applicants are encouraged to progress through all three stages to make the maximum use of grant available. The scheme can also be used to obtain BS 7750.

37. The scheme is open to companies who employ fewer than 250 people worldwide, whose annual audited turnover is less than £32 million per year, and who are engaged in manufacturing, mining, quarrying, power generation, or waste disposal and recycling. SCEEMAS does not apply to Northern Ireland where a similar scheme is already in operation.

38. Management of SCEEMAS has been contracted out by competitive tender to a company in the private sector, Nifes Consultancy Group, who are responsible for the administration of the scheme and payment of individual grants.

## Measures closed for application before 31 March 1996 with payments made during the year

### *Coal Subsidy Scheme*

39. The coal subsidy scheme was announced in the March 1993 White Paper "Prospects for Coal". Subsidy was available to coal producers who could secure an additional market for deep mined coal for electricity generation. The aim was to give loss-making pits with commercial potential extra time to achieve the improvements in productivity and cost reductions needed in order to become competitive.

40. As envisaged at the time of the White Paper, the subsidy has been temporary. Subsidy was made available for deliveries in the period up to the end of March 1995 and the scheme closed to new applications at that date. One additional offer of subsidy was made in 1995/96 bringing the total to 11. Payments totalling £4,949,311 were made in respect of this and other offers. No payments were outstanding at 31 March 1996. Consequently, the total of subsidy paid under the scheme was £16,841,193.

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

41. 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 (Cmd 8621). The measure was introduced in April 1983 with an allocation of £0.5 million a year. Grants up to 30 per cent (exceptionally 50 per cent) of initial deficits were available.

42. At 31 March 1996, payments of grants totalling some £2.9 million had been made. Further details are at Appendix 9 and Appendix 11.

### *Assistance for Exceptional Projects*

43. This scheme, the main provisions of which were described in paragraph 34 of the Annual Report for 1992-93, continued to be suspended during the whole of 1994-95 and finally the scheme closed to new applications on 18 July 1995.

44. At 31 March 1996 three offers of assistance totalling £25 million had been made. Payments of £6 million were made during the year to bring total payments under the scheme to £21.9 million. Further details are at Appendix 9.

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

45. The programme aimed to help Chambers of Commerce and Industry implement the Development Strategy adopted by the British Chambers of Commerce (BCC) in October 1990. The plan was to restructure the Chambers movement into a network of Approved Chambers each capable of providing a comprehensive range

of business support services. The BCC have continued to take forward their Development Strategy and as at 31 March there were 33 such Chambers.

46. The Department usually funded 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.

47. The DTI has part funded 19 Chambers on the programme. Expenditure in 1995-96 was £60,500.

## Individual applications under Section 8

48. Cases 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.

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

49. The British Film Commission was launched on 12 May 1991. Its aims are actively to encourage overseas film and television producers to make use of United Kingdom studios, locations, post-production facilities and creative and technical personnel. In addition, it helps to co-ordinate 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.

50. During 1995-96, a grant of £0.8 million was provided to the British Film Commission. Total grant provided to the Commission at 31 March 1996 was £4.3 million. This was used to cover the establishment and operational costs of the Commission.

### *ProShare*

51. 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 three years (1991-92 to 1993-94) when the organisation was known as Share Ownership Limited. ProShare offers a range of chargeable services for private investors and companies and is now essentially self-financing. The Treasury has contributed to the funding of special projects by ProShare.

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

### *Shipbuilding Intervention Fund (SIF)*

52. Aid to shipbuilding within the European Community is regulated by the Seventh Directive on Aid to Shipbuilding which has been extended for a further nine months and now runs until 30 September 1996 or until entry into force of the OECD Agreement on the elimination of shipbuilding subsidies, if earlier. The Directive is permissive and Member States may provide any level of support up to the ceiling which is subject to annual review. For 1996 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.

53. During 1995–96, grants of £13.6 million were awarded to secure orders for fourteen ships totalling 80,211 tonnes. Total grants awarded from the inception of the SIF in February 1977 to 31 March 1996 amount to £529.9 million, covering orders for 401 ships totalling 3.48 million tonnes.

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

### *The Home Shipbuilding Credit Guarantee Scheme*

54. The Home Shipbuilding Credit Guarantee Scheme guarantees loans provided by commercial banks for the building, completion or alteration of ships. It allows banks to provide shipowners with loans at a fixed rate of 7.5 per cent over 8½ years or Commercial Interest Reference Rates for individual borrowing beyond 8½ years up to 12 years. The Scheme is based on OECD understanding and is subject to review in the light of the new OECD agreement referred to under "Shipbuilding Intervention Fund". Further details are at Appendix 12.

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

### *The Enterprise Initiative: Consultancy Assistance*

55. Consultancy assistance was, until its closure on 15 September 1994 a major element of the Government's Enterprise Initiative, launched on 13 January 1988. Its objective was 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.

56. Altogether, 147,000 applications had been received of which 71,000 had progressed to completed projects. Further details are given in Tables 1 to 4 of Appendix 13.

### *The "Managing in the '90s" Programme*

57. The programme 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 late '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. Increasingly the programme is being adapted so that local agencies, such as the Business Links can play their part in delivering it.

58. The programme offers an awareness activity delivered in conjunction with Business Links, visits to exemplar companies, benchmarking advice, workshops all supported by a range of hard copy and electronic background materials. £6.3 million was spent in delivering the programme in the year ended 31 March 1996, of which £3.3 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*

59. In 1995–96 £51.8 million was made available by the Department of Trade and Industry to Training and Enterprise Councils (TECs) to provide a range of support services to small firms. TECs have a leading role, together with their local partners in influencing local business competitiveness. They do this by improving management capability, fostering innovation and promoting best practice, improving information flows between investors and small firms, encouraging best purchasing practice and improving export performance.

60. The DTI provides TECs with funds to help local businesses through a range of locally developed business support services tailored to the needs of local firms. These services include information and advice, counselling for new and existing businesses, business diagnostic service, training for managers, business seminars, consultancy service, Personal Business Adviser service, specialist services on export, finance, design, innovation and technology.

61. Most of these services are delivered by local providers and increasingly, as the network develops,

by the Business Link. A number of specialist services are only available where a Business Link has been established.

### *Business Links*

62. 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 to provide 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.

63. The prime purpose of Business Links is to improve the performance of established businesses in their area by providing 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, Chamber of Commerce, and Local Enterprise Agency. By co-locating their staff, integrating and rationalising their services partners are offering a coherent and credible high quality business support service.

64. This plan to revolutionise the delivery of support services for business has made significant progress. Over 220 Business Links are already operational. The aim is that every firm in England will have access to Business Links by the end of July 1996. In 1995-96 the DTI provided £40.6 million towards the cost of establishing the network.

### *Expert Help in Scotland*

65. In the Competitiveness White Paper, published on 24 May 1994, Ministers undertook to provide services to SMEs throughout the United Kingdom to improve their competitiveness both at home and abroad. An "Expert Help" programme was introduced in Scotland in March 1995, which will operate as a pilot until the end of September 1996. The main aim of the Programme is to encourage managers of SMEs to use outside expertise when considering the strategic direction of their business or tackling technical problems.

## **Other Matters and Developments in 1995-96**

### **Inward Investment**

66. In 1995-96 the Invest in Britain Bureau (IBB) continued to be very busy with promotional activities. In the year ended March 1996 these included promotional events in Japan, Hong Kong, two in Australia and three in India; four regional

presentations were organised in Japan in Amori, Akita, Morioka and Yamagata. There were five inward missions: two from Japan, one from Hong Kong, Korea and Taiwan. The IBB also participated in the Pusan Electronics Exhibition in Pusan, South Korea and organised an IBB golf day in Taiwan. In Europe three investment seminars were held, two staged in Germany and one in Copenhagen. There were three inward missions from Germany (two multiplier and one industrialist). Additionally, the Bureau had a formal presence at two trade fairs during the year, one in Germany and one in Sweden. A new investment office has been opened in Paris. In North America the IBB continued to pursue an extensive programme of visits to potential investors and the Bureau's Regional Inward Investment Teams (RIITs) were involved in a total of eighteen seminars.

67. Also, in the course of the year the IBB has been developing with other Government Departments, Sponsor Divisions, Government Offices and Regional Agencies an International Investor Development Programme to better co-ordinate and strengthen existing "aftercare" activities and to establish long term relationships with the senior management of existing overseas owned companies in the United Kingdom.

68. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the United Kingdom in 1995-96, since not all such investment is notified to the Department, particularly when it takes place outside the Assisted Areas or involves expansions on existing sites. However, during the year ended March 1996 the IBB recorded a total of 477 decisions to invest or expand investment in the United Kingdom with 96,852 jobs associated. These figures are based on information provided by the companies at the time of the announcement to invest and include only those projects where IBB and its regional partners were involved or which have come to their notice. They take no account of subsequent developments.

69. 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 1996 offers of £159 million were made under Section 7 to such companies for 119 projects estimated to cost £2,693.1 million.

### **Publication of Assistance Offered**

70. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1996 were published in the Employment Gazette dated October 1995 and in Labour Market Trends issued in January, April and July 1996. Publication was limited to offers of grant of £75,000 or more.

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

### **Industrial Development Advisory Board**

The Board has continued to advise the Secretary of State on the provision of selective financial assistance under sections 7 and 8 of the Act. Nine meetings were held to discuss ten applications for assistance, all under section 7 of the Act. The Board found that nine of the applications met the relevant criteria for assistance to projects that create or safeguard employment in the Assisted Areas and recommended support. In one case the Board's advice that the application should not be supported was accepted.

The Board welcomed the fact that amongst the projects considered were a number of significant inward investment opportunities, the most important of which was the German company Siemen's decision to build a new semiconductor plant in the United Kingdom. On this, as on other large projects, selective assistance was considered in the context of the support available from the public sector. The Board approved the development of this packaging approach to public sector support for major projects which they recognised helped to make the most effective use of public funds to secure employment opportunities and economic regeneration in the Assisted Areas. The Board also strongly endorsed the efforts made to see that the projects supported added maximum possible value to the local economy.

An Away Day meeting was held in July and the Board met the Minister for Trade and Industry to discuss the Board's Role and other issues. The Board has been reviewing its role and how it can play its part in achieving the most effective use of the RSA scheme. It has reported its conclusion to Ministers.

The Board wishes particularly to thank two members who retired from the Board during the year for the valuable contributions they made to the Board's activities. They were Mr Graham MacKenzie after eight years service and Sir David Hardy after four years service. No new appointments were made during the year.

SIR ANTHONY CLEAVER  
*Chairman*

### **Scottish Industrial Development Advisory Board**

#### *Economic Background*

The available evidence on the Scottish economy points to continued growth in 1995 with the independent forecasters expecting GDP growth of around 2.2 per cent. The short term outlook for the Scottish economy remains positive with

independent forecasters predicting similar levels of economic growth in 1996 as in 1995 and faster growth in 1997.

Overall output of the production and construction industries in Scotland continued to increase in 1995. The Index of Production and Construction for Scotland, which accounts for approximately 40 per cent of Scotland's GDP, rose by 2.3 per cent in the year to 1995 Q3 compared with a year earlier. Overall growth was driven by rising manufacturing output over the period, particularly in electrical and instrument engineering. Growth was also evident in electricity, gas and water supply and there was a modest increase in construction output, although business survey evidence for this sector remained less positive. Also, against the general trend, output fell in the mining and quarrying sector.

The Scottish Chambers' Business Survey for the first quarter of 1996 reported falling business confidence across several sectors. However, the outturn in the first quarter exceeded expectations and the outlook for the second quarter appears more favourable across most sectors. Manufacturing orders and sales were reported to have risen, with export orders more than offsetting any slowdown in domestic orders. Retailing experienced something of a turnaround with increased sales and rising confidence for the first time in 2 years. Tourism demand continued to increase strongly and increased sales in wholesaling were evident. The April 1996 CBI Industrial Trends Survey of Scottish manufacturers also reported a slight decline in business optimism after rising for 13 consecutive quarters. However, orders and output continued to rise with exports orders buoyant. Capacity utilisation fell, but investment intentions remained positive for manufacturing plant and machinery. Average unit costs fell, at the fastest rate for almost 30 years, while domestic prices remained unchanged. Employment was reported to have fallen for the fourth consecutive survey. Within manufacturing, the March 1996 survey of engineering in Scotland by Scottish Engineering reported continued confidence and encouraging trends across a range of indicators and sectors.

Scotland's exporting strength continues. The 1994 Scottish Council Development and Industry export survey, published towards the end of 1995, showed exports at a record level in 1994 at £14.26 billion, an increase of almost 23 per cent in real terms on the previous year. Manufactured exports per employee were over 40 per cent above the UK average. Four sectors continue to dominate with the office machinery/computers, whisky, electrical and electronic engineering and the chemicals sectors accounting for nearly three quarters of Scottish manufactured exports in 1994 and contributing more than 85 per cent of total growth. However, double digit growth was recorded in 14 of the 20 industry sectors. Provisional headline figures for 1995 suggest further strong growth of almost 14 per cent to £16.21 billion.

Relative improvements in the labour market have played a key role in the recovery in Scotland. Unemployment continued on a broadly downward trend in 1995, with an annual average of 8.2 per cent of the workforce, compared with 9.3 per cent in 1994.

In 1996, the trend remains downward, although more hesitant, with a fall of 600 in the seasonally adjusted total to 194,700 in March 1996. The unemployment rate in Scotland, at 8.0 per cent of the workforce in March 1996, is however no longer below the United Kingdom rate (at 7.8 per cent). Indeed the rate at which unemployment has declined in Scotland has slowed substantially with an average monthly fall in Scotland of just 200 in the 6 months to March 1996 compared with 1,700 in the previous 6 months.

Evidence on employment growth has been mixed with recent data showing declining employment in Scotland, in contrast to most other regions of Great Britain. With falling unemployment, and declining employment, a reduction in labour market participation in Scotland is evident. The latest Labour Force Survey for Winter (December to February) 1995/96 showed a reduction of 20,000 in total employment over the previous year, mainly due to declines in the numbers in self employment, government training programmes and unpaid family work. The most recent employers' survey (December 1995) also reported, to a lesser extent, declining employment compared with a year earlier, notably in the construction, agriculture and energy sectors. Service sector employment remained relatively stable but there was a marginal increase in manufacturing employment.

### *Regional Assistance*

In 1995-96, the number of applications for RSA (including those from inward investors) was 256. This represented a slight decline in the number of applications compared with the previous year although in terms of amount of grant applied for there was a rise from £152.6 million to £230.6 million. The pattern of demand by industrial sector was similar to that of previous years with demand in the electronics industry remaining strong.

RSA offers totalling £94.0 million were accepted by companies for projects in 1995-96. These were associated with planned expenditure of £808.0 million, the planned creation of some 9,120 jobs and the safeguarding of a further 3,450 jobs.

During 1995 the Committee of Public Accounts of the House of Commons considered a memorandum prepared by the Comptroller and Auditor General, in respect of assistance provided to Health Care International (Scotland) Ltd. This firm had received RSA and other public sector assistance to establish a private hospital in Clydebank serving predominantly international markets. The firm did not achieve the anticipated level of business during its start up period and went into receivership in November 1994. The business was however acquired by new operators and the hospital remains in use.

The Committee examined this case and in its subsequent report, made a number of comments and recommendations. The Government's response to the report was published on 21 March 1996 (HMSO: Command 3172), noting that a number of procedures would now be implemented and/or clarified by the Scottish Office Education and Industry Department.

During 1995-96 210 applications for REG (Investment) were received and 119 offers of assistance accepted. 176 REG (Innovation) applications were received and 127 offers of assistance accepted. These offers involved grants of £0.9 million for investment projects and £2.9 million for innovation projects, mainly undertaken by indigenous firms. In Scotland, the REG (Innovation) scheme closed to applications on 31 December 1995. Scottish Enterprise and Highlands and Islands Enterprise have now assumed responsibility for providing similar support to small companies and will do so throughout Scotland.

### *Inward Investment*

As in previous years, RSA played a major part in encouraging overseas-owned companies to locate new plants in Scotland and to expand their existing Scottish operations. Many existing investors announced plans for further investment in Scotland, including IBM which will be setting up a pan European Help centre for PC users bringing 350 new jobs to the Inverclyde area, Motorola which will be further expanding its West Lothian plant creating a further 400 jobs; and Shin-Etsu Handotai, the world's largest producer of silicon wafers, which has started a £160 million expansion of its Livingston plant, expecting to create 235 new jobs.

New facilities which will join the nearly 600 others operated by overseas companies in Scotland include those being constructed by Japanese-owned Birkbys Plastics Ltd, Biomark of Denmark, Lexmark International of Kentucky, MAN Truck and Bus Ltd of Germany and Chungwa Picture Tubes Ltd of Taiwan. This last project involves a total investment of £260 million and the planned creation of 3,300 new jobs over the next 4-5 years.

### *Indigenous Firms*

Although inward investment projects are often very large, this year as in previous years, the majority of Regional Selective Assistance offers were issued to indigenous firms, to whom the same criteria for assistance apply. Examples of such assistance during 1995-96 included grants offered to Rolls-Royce plc at Hillington and GTC Gas Turbine Ltd at Dundee. Besides assistance offered to such relatively large firms, however, the bulk of the projects for which grant was offered were being undertaken by small and medium-sized enterprises.

### *Board Membership*

During the year Mr J Lumsden, Mrs C McAteer and Mr P Timms MBE accepted re-appointment



as members of SIDAB for a further 3 years. The Board wishes to acknowledge the outstanding contributions made by Mr Y Ali OBE whose 12 years on the Board ended on 31 December 1995 and Sir John Shaw CBE whose 8 years on the Board also ended on that date. Mr Ian Bankier and Mrs Margaret Seymour who were appointed with effect from 1 January 1996, are welcomed to the Board.

D J MACLEOD CBE  
*Chairman*

## **Welsh Industrial Development Advisory Board**

### *Industrial and Economic Background*

The recovery of the manufacturing sector in Wales has continued during the last year. Welsh manufacturing output is growing strongly and at a faster rate than the United Kingdom as a whole. During the twelve months to quarter 3 1995, Welsh manufacturing output expanded by 4.7 per cent with the chemical and food, drink and tobacco sectors performing particularly well.

The growth in output, however, has not been matched by a similar trend in employment. The number of people employed in manufacturing firms (firms employing 11 or more) increased by less than 1 per cent between 1994 and 1995 and is significantly below levels seen in the early 1990s. The sectors which saw the largest employment increases were the manufacture of metal goods, motor vehicles & parts, rubber & plastics and the chemical industry.

The high rate of output growth coupled with the slower employment growth has led to increases in productivity. This, along with low unit wage costs and a skilled workforce has allowed Welsh firms to remain competitive, particularly in export markets. Export demand (especially in Europe) has been one of the main drivers of growth in the last year.

Inward investment has had a significant impact on employment in Wales. In 1995, over 35 per cent of manufacturing employment was in overseas owned plants. This compares with around 28 per cent in 1990. Historically, the main sources of overseas investment into Wales have been the United States of America, Japan and the European Union. However, the Asia Pacific region is seen as a major potential source of inward investment and the announcement by Halla of Korea of its decision to invest in Wales the first significant Korean manufacturing investment in Wales is evidence of this. Overseas owned companies have and continue to invest in Wales because they see it as an ideal base from which to serve the Single European Market. Wales is attractive to inward investors because of its combination of a flexible skilled workforce, good industrial relations, competitive costs, a strong industrial infrastructure and the support network of agencies and incentives designed to attract and assist foreign investors.

Unemployment fell slightly during 1995 but the rate of decline slowed considerably. The Welsh unemployment rate in February 1996 was 8.2 per cent compared with a United Kingdom rate of 7.9 per cent. The average rate for Wales masks wide disparities across the country with male rates of over 20 per cent in some localities.

Welsh GDP has grown more quickly than the United Kingdom average growth in recent years, although GDP per head in Wales remains below the United Kingdom average. The main regional economic forecasters expect the growth rates to converge over the next 5–10 years. Manufacturing GDP is expected to show faster growth with Wales remaining above the United Kingdom average. Welsh unemployment is forecast to continue falling and remain close to the United Kingdom average in the medium term.

### *Welsh Development Agency: International Division*

The Board noted that in 1995–96 Welsh Development Agency International Division recorded 122 projects, promising 12,648 new and safeguarded jobs, together with capital investment of £976 million. Of these, the International Division of the Agency was involved in 89 projects promising 11,273 new and safeguarded jobs and investment of £910 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.)

The 122 projects comprised 42 entirely new projects, 61 expansions, one joint venture and 18 acquisitions. They were obtained from a range of markets, with 35 coming from North America, 22 from Europe and 12 from Asia Pacific and other overseas countries. A further 53 were from elsewhere in the United Kingdom.

The improved performance in terms of jobs and capital investment was achieved against the back-drop of increased competition. The continuing strong re-investment level reflects the position of Wales as a location where inward investors enjoy the experience and benefits of working here and are confident in their future development. The increased competition for finite amounts of investment has meant that even more effort had to be exerted to achieve the improvements this year.

The first significant manufacturing investment from Korea was secured with Halla's decision to invest at Pentrebach. This success has been complemented by Ford's major expansion at Bridgend and Newport Wafer-Fab's significant investment at Duffryn.

### *Welsh Development Agency—Property*

The availability of quality business premises and sites continues to be an important factor in Wales' ability to attract new inward investment projects and to meet the needs of expanding companies. During 1995–96 134,000 square metres of business premises were occupied by new or expanding

companies. Of the 108,965 square metres of new floorspace created in the past year, 78,586 (72 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 1995-96 joint ventures undertaken with the private sector delivered 47,743 square metres of business accommodation.

Securing further private investment to meet the property needs (both bought and rented) of companies in Wales will continue to take priority.

### *Regional Assistance*

During 1995-96, 217 Regional Selective Assistance (RSA) applications were received (compared with 178 in the previous financial year), while 176 offers with a value of almost £59 million were accepted by companies in Wales. These projects are forecast to create 6,694 new jobs and safeguard a further 3,469, with planned investment by companies of almost £567 million (there is an element of overlap between projects receiving RSA and those recorded by Welsh Development Agency International Division). Once again there were a number of significant projects, including those by BP Oil Llandarcy at Neath, Creative Print and Design at Ebbw Vale, Diaplastics at Bridgend, GE Aircraft Engineering Services at Nantgarw, Halla at Pentrebach and Surface Technology Systems at Newport. These projects alone are expected to create or safeguard 1,583 jobs.

As far as the Regional Enterprise Grant Scheme is concerned, 146 applications were received and 82 offers of grant were made, valued at £1.4 million. Following the reduction in the Assisted Areas in 1993, demand for the investment element of the Scheme has slowed considerably. However, the innovation element of the Scheme has remained popular, and a recent Welsh Office evaluation of RIN confirmed its value to SMEs located in the Welsh Assisted Areas. Subject to EC approval, the Department intends to make RIN available outside the Assisted Areas during 1996-97.

### *Board Membership*

During the year Mr K Arnold, OBE retired from the Board after three years service. The Board wishes to thank him for his contribution to its activities.

K HODGE OBE  
*Chairman*

## **North East Industrial Development Board**

### *Industry in the Region*

After a subdued start, business confidence picked up during the year to a series of good news announcements during the 2nd/3rd Quarters, most notably the announcement that Siemens was to

locate its £1.1 billion semiconductor facility at North Tyneside, and Fujitsu's decision to expand its facility at Aycliffe.

The Siemens investment which will be in the newly designated Enterprise Zone in North Tyneside will create 1500 direct jobs, as well as a substantial number of jobs during the construction phase and in various support industries. Coupled with the 500 jobs to be created at Fujitsu (£817 million investment) this gives the Region an important stature in semi-conductor sector. These plus the continuing development of the Samsung complex should ensure that opportunities for 2nd and 3rd tier suppliers continue to arise over the coming years.

The year also saw the launch of the Teesside Chemicals Initiative, aimed at establishing Teesside as a site of strategic importance for Chemical sector investment. Early results include two major investment projects from ICI which were won in the face of stiff competition from other European locations. Steps are being taken to improve the infrastructure with a view to attracting further chemicals investments.

The offshore sector has also grown throughout the year. Notable amongst this was the re-opening of the former Swan Hunter yard on the Tyne, under the ownership of THC. Recent orders secured by the company should create more than 1200 jobs.

### *Inward Investment*

Strong competition for internationally mobile investment continues across Europe and the rest of the United Kingdom. The number of enquiries was up slightly on last years to 174 (previously 166), although the number of visits to the Region fell from 189 to 132.

The quality of potential projects was high with some notable successes. By far the largest was the Siemens investment, with other new projects from NEYR Plastiques, to create 112 jobs at Peterlee and Simula Automotive Safety Devices who are to create 180 jobs in Ashington.

In summary, the Asia Pacific markets remained buoyant, with an increase in Japanese enquiries towards the end of the period adding to the high level of enquiries from Korea. The US remained static, while there was a slight decrease in European enquiries, although this was more than compensated by the Siemens project.

The region also achieved considerable success in overseas markets during the year due to a rapid response to opportunities in the key markets of Western Europe, North America and South East Asia. This performance was recognised by seven Queen's Awards to SME's in the region, equalling the previous best, together with several other prestigious national small firms awards.

Business confidence amongst SME's remained high. Towards the end of the year some major exporters reported increased competition for medium/long term orders.

1995 saw the completion of the five "Business Link" (BL) one stop shop networks across the region with all of the planned 24 outlets now operational. Initially progress was slow but targets are now being achieved and the completion of the BL network has significantly increased the availability of assistance to SME's who now have access to a wide range of business support measures, including DTI's Regional Selective Assistance, Regional Enterprise Grant and Overseas Trade Services.

### *Unemployment*

In March 1996 unemployment in the North East was 10.7 per cent, compared to the national average of 8.0 per cent, and the region continues to have long term structural unemployment problems. The number of unemployed fell from 151,671 in April 1995 to 142,850 in March 1996 (a fall of 6 per cent). Within the region the figures vary from South Tyneside where unemployment is 15.5 per cent (almost twice the national average) to Hexham at 5.7 per cent.

### *Financial Assistance*

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

During the year 325 offers of RSA to the value of £27 million were made by the Government Office towards fixed costs of £229.5 million. These projects were expected to create 5,094 new jobs and safeguard 1,315 others. There has been a 30 per cent increase in offers made and a 40 per cent increase in the value of the offers compared to the previous year. This appears to indicate a return of business confidence and was evident across a whole range of business' in the Region from those applications for grant of under £25,000 up to the larger grant requests of up to £1 million.

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

Only one payment of £27,000 was made to a NE business under the revised RDG scheme which was closed to applications on 1 April 1988. There are no further payments expected in the NE under this scheme.

#### **(c) Regional Enterprise Grants (REG)**

Applications received for REG, both Investment Grant (RIG) and Innovation Grant (RIN), fell from the previous years levels. The total number of applications received for REG was 156 with RIN accounting for only 32. RIN exhibited the larger decrease with applications reaching just over half the 1994/1995 level whilst RIG applications fell by only 5 per cent. The scheme forms part of the Single Regeneration Budget with payments made by the Department of the Environment. The total amount of grant paid under this scheme during the year was £1.3 million.

### *Board Membership*

During the year the Chairman, Mr R F Bishop, retired from the Board. The Chairmanship was taken over by Mr C J Fleetwood.

Two new members were welcomed to the Board: Mr C Thompson (of Express Engineering); and Mr R Maudsley (of Rolls Royce). Two members resigned from the Board: Miss S Guy; and Mr P Vassallo.

C J FLEETWOOD

*Chairman*

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

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

### *General*

The year opened with a continuation of the steady improvement in overall business activity seen in 1994/95, with exporters and manufacturers particularly buoyant. However, activity slowed in the second half as home demand weakened and export growth slackened. Many companies also had to cope with significant increases in raw material costs. By the end of the year home demand appeared to have stabilised and cost increases peaked, but businesses generally remained cautious about prospects for 1996.

Overall the engineering sector remained fairly buoyant despite a slowdown in the growth of new orders. A number of printing, electronics and IT companies did particularly well. World-wide demand for stainless and engineering steels remained high during the first half of the year with many plants operating at full capacity. However, demand fell in the second half due to over-stocking by customers, slower growth in northern Europe and increased competition from Pacific producers.

The textiles and clothing sectors generally suffered from falling output and weakening demand, and the trend to move clothing production overseas continued. Exports of wool textiles held up against a background of a depressed domestic market and intense pressure on prices. The subdued housing market continued to blight carpet and home furnishings manufacturers although some makers of contract carpeting and industrial textiles did well, and the demand for specialised leisurewear and workwear held up.

Output in the chemicals sector increased significantly at the start of the year and this strong performance was largely sustained for most of the year. In the second half several companies suffered from de-stocking by customers, but by the end of the year there were signs that domestic and overseas demand was improving again.

In the construction industry overall the level of orders fell and the housing market, both private

and public, continued to weaken with total housing transactions down on the previous year. Towards the end of the year there were signs of improvement in the industrial property market in parts of the region, while the civil engineering sector benefited from Yorkshire Water's heavy investment in new infrastructure.

The food industry saw fierce price competition over the year, leading to major job losses on Humberside. Dairy farmers in the north and west of the region were hit by the Summer drought and BSE worries began to surface at the end of the period.

Most of the privatised coal industry performed well, although doubts remain about its long-term prospects and one pit went into receivership.

Activity in financial services was centred on West Yorkshire with the merger of the Leeds and Halifax Building Societies, the proposed integration of the National and Provincial into the Abbey National and further expansion of telephone services and direct banking in Leeds.

The strong growth in export performance over the last two years levelled off in the second half of 1995, with demand weakening in EU markets, particularly France, Germany and Spain. Growing markets were the Americas, south-east Asia and Eastern Europe, although lack of export credit in parts of the latter hampered activity.

Business investment intentions started strongly but weakened over the year, largely due to uncertainty over demand. Most of the investment that did take place, particularly in IT, was directed towards reducing overheads and labour costs rather than increasing capacity. Smaller firms continued to be more cautious than larger firms.

### *Unemployment*

Unemployment in the region fell steadily although more slowly than in recent years, from 8.9 per cent in March 1995 to 8.4 per cent in March 1996, reflecting a drop of 12,200 in the number of unemployed. The differential between the GB and Yorkshire & Humberside rates increased slightly from 0.6 to 0.7 per cent points. Within the region the unadjusted Travel to Work Area (TTWA) rates show wide disparities; all of the South Yorkshire TTWAs, except Sheffield, have rates in double figures, with Rotherham continuing to have the highest in the region at 12.7 per cent. In contrast many of the rural TTWAs in North Yorkshire have rates of 5 per cent or less.

### *Government Assistance*

The Board believes that RSA has played a significant role in securing additional capital investment in the region. During 1995-96 a total of 219 RSA grant applications were received, of which 65 were over £100,000. A total of 138 grant offers were accepted during the year. The volume of applications and offers was very similar to 1994-95.

The value of offers accepted totalled £10.7 million with related project costs of £110.4 million. These projects were expected to lead to the creation or safeguarding of 2,625 jobs. Some 58 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 31 projects in Humberside, 79 projects in South Yorkshire, 1 in North Yorkshire (Whitby) and 27 projects in West Yorkshire. This pattern emphasises the importance of South Yorkshire within the region as the source of most RSA applications.

Monitoring of RSA aided projects showed that 132 projects, with a payment value of £9.9 million, were successfully completed during the year. These created or safeguarded 2,509 jobs, slightly down on the forecast number of 2,756 but still a very welcome achievement.

The total number of REG investment offers in 1995-96 was 85 with a value of £0.8 million. REG innovation offers totalled 99 with a value of £2.2 million. The numbers of both REG investment and innovation offers were down on 1994-95 but the region was still a major beneficiary of the scheme compared to other regions.

### *Inward Investment*

A significant number of inward investment projects were attracted to the region with the help of Regional Selective Assistance. Polycarb Limited has become the first Israeli company to invest in the region having established a factory at Doncaster to manufacture polycarbonate sheets—the project should create 60 new jobs.

Three South Korean electronic businesses propose to establish factories in the Dearne Valley which will be a welcome development in one of our unemployment blackspots. Total planned capital expenditure by these three companies is £2.5million with 150 new jobs expected.

In addition during the year several expansion projects were undertaken by existing foreign-owned companies in the region which also attracted offers of Regional Selective Assistance. The commitment of inward investors to the region, as evidenced by this second phase investment, is most encouraging.

We believe that inward investment has a significant role to play in improving the competitiveness of the region and helping in the regeneration process. The Government Office will continue to work in partnership with the Yorkshire and Humberside Development Agency, local authorities, local Training and Enterprise Councils and organizations such as English Partnerships to promote the region.

### *East Midlands Region*

#### *General*

Business sentiment within the region has remained mixed throughout the year with conflicting messages being received. Overall, early year

confidence appears to have eased although few companies actually expect any deterioration. Reports from business have made much of the lack of the "feelgood factor" despite the fact that the economic statistics remain relatively positive.

Home demand has remained subdued throughout the year leading to many companies either looking to export for the first time or expanding their existing exporting efforts. Europe and North America remain key markets with South East Asia attracting increasing interest during the second half of the year. Investment intentions have remained positive although a tendency to defer investment has been apparent amongst certain companies, particularly SMEs. The four new Enterprise Zones formally opened for business towards the end of 1995 and given that initial interest in the sites has been encouraging, expectation continues that they will provide the 2,000-3,000 new jobs that were forecast.

Developments in the coal industry have continued to attract attention throughout the year. The latest "event" being the possibility that Annesley Bentinck might close following Coal Investments' move into administrative receivership at the start of 1996. Around 350 jobs are at risk. Geological problems at the Asfordby "superpit" have led to RJB Mining writing off its full value in their annual accounts although the company has assured the 400 miners currently employed there that they would be transferred to other RJB pits if Asfordby was to close. Despite this setback RJB has had a positive year.

It is uncertain what impact the recent BSE scare will have on the regional economy but, as the country's second biggest beef-producing region, there is considerable local concern about the possible detrimental effects of an export ban and a drastic reduction in domestic demand.

The engineering sector has had a mixed year with further job losses reported at major companies such as Brush and ABBT counterbalanced by a strong performance from Rolls Royce who announced orders of over £2 billion around the turn of the year securing the jobs of 12,000 employees.

Forecasts for the region are very positive with a Manpower Survey of Employment Prospects rating the East Midlands as the most optimistic region in the country for employment growth and both Business Strategies and Cambridge Econometrics suggesting that GDP growth will be higher in the East Midlands than in any other region at least until the year 2000.

### *Unemployment*

Unemployment in the region has again followed national trends but has typically remained around 0.5 per cent lower than the national rate. Unemployment in March 1996 was 139,100 or 7.3 per cent of the workforce, over 11,500 lower than

in March 1995. Seasonally adjusted unemployment fell from 150,300 (8.0 per cent) in March 1995 to 139,100 (7.3 per cent) in March 1996.

The past year saw the previously observed north-south divide persist with Mansfield (11.4 per cent in March 1996) and Worksop (10.0 per cent) again consistently having the highest unemployment rates in the region and Nottinghamshire again being the county with the highest overall unemployment rate. Leicestershire and Northamptonshire once more saw the lowest rates throughout the year—typically around 2 per cent below the national average.

A shortage of skilled manual and professional/managerial grades was reported consistently throughout the year which ties in with a local CBI survey which placed improving labour force skills at the top of businesses' list of concerns.

### *Government Assistance*

There were no changes in the Assisted Areas in the East Midlands Region during the year 1995-96 but demand for both RSA and REG still increased, probably as a result of greater awareness of schemes.

A total of 99 RSA applications were received during the year with the number of offers accepted increasing to 84, a rise of over 60 per cent compared with the previous year. The total value of assistance accepted during the year was £7.4 million against project costs of £83 million. It is expected that 3,286 jobs will be created or safe-guarded as a result. During the year 32 projects supported by RSA were completed, creating or safeguarding 700 jobs.

The number of applications for REG increased by nearly 30 per cent compared with 1995/96. This resulted in assistance being offered for 93 investment and 225 innovation projects. Grants offered totalled £0.9 million for investment and £5.4 million for innovation against project costs of £7.9 million and £12.8 million respectively.

### *Inward Investment and Competitiveness*

East Midlands Development Company Ltd (EMDC) the Regional Development Organisation, had another successful year, in this its second full year in operation, increasing its involvement and level of success in attracting inward investors into the region.

During the year, EMDC handled a total of 316 enquiries a 56 per cent increase on the previous year. The number of enquiries coming to EMDC direct was 193 with North America remaining the key market in volume terms although Asia Pacific has shown a significant increase.

The region attracted 21 new inward investment project creating more than 1400 new jobs and safeguarding some 1,000. The Regional Supply Office for the East Midlands, managed by EMDC, successfully completed the first of its three year

£1.2 million contract and has already made a significant contribution to the competitiveness of firms in the region.

The activities of the Regional Supply Office complement the aims of the EMDC. By identifying gaps in the local economy, EMDC will be able to focus part of its inward investment programme on those sectors where there is a proven market opportunity.

### *Government Offices*

We believe the progress achieved by integrated Government Offices in our two regions since 1994 has been encouraging. In addition the Business Link network has been substantially completed during the past year so that the vast majority of our two regions is now covered. Regional Selective Assistance forms are now available from Business Links in assisted areas. Both Business Links and the recently established Regional Supply Offices should help improve competitiveness in our two regions.

### *Membership of the Board*

During the year three members retired. Mr Peter Barker CBE served on the Board for over fourteen years, the last four as Chairman. Mr Teddy Denison OBE was a Board member for twelve years and Mr Peter Flesher served for four years. The Board wishes to extend its gratitude to all three individuals for their long and valued service both to the Board and to the region as a whole. I was appointed as new Chairman in January 1996 and two new members, Mr C J Brown and Mr A J Stradling were welcomed onto the Board at the same time.

D K WILKINSON  
*Chairman*

## **South West Industrial Development Board**

### *General*

The economy of the South West continues to make steady progress with unemployment stabilising at the second lowest level in Great Britain. Within the region, however, there remain areas where recovery is taking place more slowly, particularly in the Development Areas. Nevertheless we are pleased to see the range of increasingly well integrated measures which are being brought to bear on the development of the South West economy, particularly in Devon and Cornwall.

European funds are playing an important part in this, particularly in the regeneration and development of the tourist industry in Devon and Cornwall, where the funding for the National Marine Aquarium at Plymouth is only the most prominent of a range of imaginative projects receiving support.

We also welcome the £13.4 million European funds being made available under the KONVER II programme to help the South West cope with the

industrial restructuring following the contraction of the defence sector, an important part of the local economy in many parts of the region. These funds will make an essential contribution to the local efforts which are being made to diversify and strengthen the economic base of areas suffering from defence related problems.

We see a strong and expanding private sector as the essential basis for prosperity in the region, and are encouraged to see the Business Link network nearing completion. It is important that this develops into a comprehensive and readily accessible source of advice and services to SMEs throughout the south west. Other linked initiatives, such as the two Regional Supply Offices, are also beginning to help the SME sector improve its competitiveness.

Competitiveness is, of course, the key to commercial success, and we support the efforts of the Government Office to create a regional competitiveness strategy which covers the seven counties but which recognises and embraces the wide sub-regional variations in the South West. We believe that the proposed creation of a network of partnership groups within the region designed to spread best practice and develop new initiatives to raise the competitiveness of the South West's economy will make a real difference, complementing and adding value to the many activities already being undertaken.

We regard inward investment as an important source of new economic activity and new skills, and are encouraged to see the region's two regional development organisations, Devon and Cornwall Development International and the West of England Development Agency, make steady progress in raising the profile of the south west amongst international investors. Lack of large strategic sites continues to be a problem, however, in Devon and Cornwall.

The number of offers of Regional Selective Assistance has been lower than in the preceding year, although the total investment associated with these offers has increased. Throughout the year 48 offers of Regional Selective Assistance totalling £10.7 million have been accepted, providing a total of 2,428 jobs associated with total investment of £85.1 million.

### *Membership of the Board*

During the year Dr J I Dodds and Dr G S Stirling left the Board, and we wish to record our thanks for their valuable contributions. Mr E J Newton and Mrs A M Harris joined the Board as new members.

R J HARRIS CBE  
*Chairman*

## **West Midlands Industrial Development Board**

### *General*

Manufacturing industry provides some 26 per cent of employment in the West Midlands region and the latest figures suggest it contributes some 28 per cent of the region's GDP. Only in the East Midlands does manufacturing industry make a comparable contribution to the regional economy.

The automotive industry is the region's principal industry and, while the UK and European car markets were generally fairly sluggish in 1995, the region's car manufacturers benefited from rising export sales to other markets. Luxury and niche brands also did well within the EU. Jaguar for example saw its worldwide sales increase by around 30 per cent in 1995 with strong growth in the USA, Far East, UK and some European markets, enabling the company to create more than 1,000 jobs during the year. Land Rover too had a successful year, with production in 1995 reaching 127,000 vehicles, easily beating the company's previous record of 94,500 set in 1994. Meanwhile the Rover Group (including Land Rover) produced more than 500,000 vehicles in 1995 for the first time since 1989. Rover's total world sales in 1995 were 2 per cent up on 1994, reflecting the lack of growth in key European markets, but the company's exports to countries outside Europe were 38 per cent higher than in 1994.

Other important industries in the region have also seen an expansion in their markets over the last year. For example, JCB, the Staffordshire based construction equipment manufacturer, produced a record number of its machines in 1995, during which year its sales to the Americas increased by 41 per cent and those to Asia-Pacific markets increased by 63 per cent. In all exports accounted for 70 per cent of the company's output in 1995.

Indeed, survey evidence from the CBI and the Chamber of Commerce suggests that West Midlands manufacturing industry generally performed well in terms of growth in both output and sales in 1995, often with exports stronger than domestic sales. The West Midlands was consistently among those regions showing the strongest growth in both total orders and export orders in these surveys throughout the year. However, towards the end of 1995/96 there was evidence from these surveys of an easing of demand growth and of output growth, which mirrored the trend in nationally based official statistics. There is nevertheless a widespread belief that this slow down will prove to be short-lived, with renewed growth anticipated from mid-1996.

The strides made in productivity and quality by West Midlands manufacturers and components producers means that the region is well placed to benefit from this renewed expansion in demand.

### *Unemployment*

Last year's report pointed to an improvement in the region's unemployment position, both in absolute terms and relative to the national position. This improvement has continued and the overall unemployment rate has continued to fall during 1995/96. Between February 1995 and February 1996 the region's seasonally adjusted unemployment rate fell from 8.6 per cent to 7.9 per cent, while the GB rate fell from 8.4 per cent to 7.8 per cent. This represents a reduction of more than 17,000 in the West Midlands total or a change of 8 per cent over the year (GB 6.5 per cent).

### *Inward Investment*

Inward Investment continues to play an important part in the West Midlands economy and there are some 1,200 foreign owned companies located in the region. In the last year, overseas owned companies invested more than £940 million in the region, creating 6,400 jobs and safeguarding another 4,400. More than half of the 71 projects were expansions by overseas companies already in the West Midlands. There has also been renewed interest from organizations which do not yet have a presence in the region, particularly from companies based in North America.

There were 25 new investment projects from USA owned companies and companies from 8 EU countries made investments in the region in 1995/96. Competition for internationally mobile projects remains fierce throughout Europe. Alternative locations in Eastern Europe have featured in a number of cases but the regions' strong component supply infrastructure and international professional services sector are major benefits in meeting the competition.

### *Regional Selective Assistance*

The overall level of activity recorded in 1995/96 was above that of the previous year with 367 full applications being received, compared with 352 and 307 in the two preceding years. A total of 368 decisions were taken during the year of which 306 (83 per cent) led to offers of grant, compared with 295 offers in 1994/95 (78 per cent). This represents a significant increase in the proportion of applications that resulted in an offer, indicating a general improvement in the quality of the proposals submitted.

Total grant offered was £23.5 million, towards investment costs of £224 million and it is expected that 6,373 jobs will be created and safeguarded as a result. The proportion of jobs created as a percentage of this total has risen significantly from 58 per cent in 1994/95 to 67 per cent in 1995/96, which suggests that RSA is achieving better value for money.

The West Midlands Industrial Development Board considered a total of 20 applications from the region and approved grant totalling £9.9 million, of which £4.9 million was for inward investment

projects. The amount of grant approved for inward investment projects increased from £3.4 million in the previous year.

### *Regional Enterprise Grants*

During the year 92 full applications were received for REG innovation grants. 73 offers of grant were made, amounting to a total of £1.65 million. For investment grants, 95 full applications were received and 68 offers were made totalling £0.61 million. These figures show a substantial all round increase in the number of full applications, approvals and the amount of grant offered.

### *Membership*

During the year Mr R J Dickens continued in the role of Chairman. The year saw the departure of Dr A J Scanlon and Mr T S Kelleher, who resigned from the Board owing to other commitments. Thanks are due to both for their past contributions. Mr J L Bloxham and Mr J L Hudson joined the Board as new members.

R J DICKENS  
*Chairman*

## **North West Industrial Development Board**

### *General*

This report covers the Government Office regions of North West and Merseyside. Growth has tended to be somewhat sluggish during 1995/96, whilst in spite of some optimism in the new Year the economy has exhibited something of a "Start-Stop" tendency. There have been a number of good success stories with companies building on technical excellence and marketing skills. These include various sectors from hi-tech electronics to convenience foods. Overall the Home market has proved the least growth-orientated displaying long spells of relative flatness. However, in spite of recent difficulties in some of the European economies, notably Germany and France, export performance has been more vibrant. Valuable contracts have been won in a number of locations including Eastern Europe, the Far East, the Americas and also Australasia.

Confidence levels are still "realistic" rather than "hopeful" and the element of uncertainty has impacted on investment decisions. Some firms are committed to growth and have invested consistently throughout the last few years. However, in the main, large building schemes are comparatively rare with a greater concentration on up-grading capital equipment and undertaking modernisation projects. Margins have been relatively tight throughout the period with a number of raw material prices particularly high. There is an indication that some have already peaked with the worst now over. Even so, at various stages of the year there has been concern over, for instance, the cost of cotton, PVC/plasticisers, packaging materials, ball bearings and aluminium. Given the highly competitive situation in especially the

Region's more traditional industries, wage and salary levels have been fairly well constrained. The continuing job losses in these older sectors has also dampened down on the wages bill. Engineering skills are generally in demand, whilst with the growing sophistication of product lines increased technical know-how is being requested of sales personnel. Some companies acknowledge, and are taking action, to develop foreign language skills amongst key marketing employees.

### *Sectoral Analysis*

The wide diversity of the North West's Engineering sector has enabled it to secure a number of very useful orders both at Home and Abroad. Some encouraging performances have been reported from several sectors. These important sectors are, however, still subject to cost-cutting including job reduction in an attempt to maintain its competitive position. The Defence Industry is still under pressure with job losses continuing especially in nuclear submarine production. The Military aircraft side has battled through a very difficult period. There have, however, been a number of successful orders secured from abroad in the Civil Aerospace Industry providing positive news also for the Region's important supply sector. Car manufacturers are just about maintaining sales levels but, mainly through an element of discounting. The improved post-recession performance of the Commercial Vehicle's sector showed some loss of momentum in the latter part of the year.

There appeared slightly more optimism in the beleaguered Construction Industry in the latter part of the year. The very large developments of a few years ago are less evident but there is a growing market in the refurbishment field. Some firms remain to be convinced about the advantages of the Private Finance Initiative. After a very depressed period there are some signs that the Housing market may be gradually picking up. There has not been a consistent trend in the Retail sector although latterly, albeit with a number of cut price sales, business has been brisker. On the Property front there has been an increased number of speculative schemes in various locations suggesting some optimism for growth.

### *Merseyside*

Business confidence on Merseyside, although initially subdued, improved markedly during the final six months of the year, as companies saw an abatement of input cost pressures, increased opportunities to raise output prices, and some improvement in domestic markets. Variable home demand has been counter-balanced by consistently strong export performance, with some substantial overseas orders won by the region's glassmaking and telecommunications industries, in particular. Investment trends, whilst still largely centred on delivering cost and efficiency gains rather than additional capacity, have remained broadly positive, with substantial new investment underway or proposed in the key automotive sector. The Board



particularly welcomes the region's success in attracting a major US call centre development to Knowsley, further strengthening Merseyside's growing reputation in the field of telecommunications. The increasing importance of the oil and gas industry was also underlined by the successful completion of the Liverpool Bay development and the first ever oil production off the west coast of the UK. On a less positive note, continuing competitive pressures have led to further job losses in a number of industrial sectors, including the regionally important pools industry.

The Board has been pleased to note the enhanced business support now available to Merseyside companies with the completion of the regional Business Link network. Further improvements in the region's business support infrastructure owe much to the successful progress so far achieved in implementing the Objective 1 programme. Substantial funding has already been provided to help business become more competitive through projects which will improve technology transfer, increase exports and offer an innovative new source of risk capital. The wide variety of major regeneration and infrastructure schemes which European funding is making possible—both under Objective 1 and Regional Challenge—is also encouraging, ranging, for example, from the Twelve Quays and "Lairdsie" projects on the Wirral waterfront, to the Queens Square development in Liverpool City Centre, and the improvements to the A565.

The Board also welcomes the co-ordinated strategy and actions for increasing regional competitiveness which the Government Office for Merseyside and its partners have developed during the year.

### *Unemployment/Employment Trends*

There has been, apart from the odd blip, a steady reduction in the number of unemployed in the last 12 months. On a seasonally adjusted basis, the number of unemployed claimants in the North West fell by 18,000 between March 1995 and March 1996. In the last 6 months the net decline was much slower with a reduction of only 4,100. Most of the major sectors including Service as well as Manufacturing, have been involved in job shedding. On an unadjusted basis the North West unemployment rate stood at 8.6 per cent in March 1996 compared with the Great Britain average of 7.9 per cent. There are variations between different parts of the Region, notably Liverpool 12.4 per cent and Clitheroe 2.8 per cent with West Cumbria having its own difficulties due to its remoteness. However, there is some concern over pockets of high unemployment in a number of strategic locations.

Latest official employment estimates indicate that in the 12 months to December 1995 there was a small overall net decline of 12,000 employees in the North West. Both Manufacturing and Services experienced marginal net cutbacks with the largest fall, 5,000 jobs, occurring in construction. According to a recent report, in the 12 month

period including and up to March 1996, there were some 261 Administrative Receivership Appointments in the North West. The average of about 22 Receiverships per month over 1995-96 compares with the figure of 19 for 1994-95.

### *Regional Grants*

Demand for grant aid remained at a high level throughout the year. Applications for RSA numbered 412 during 1995/96 compared with 388 in 1994/95. Offers made numbered 337 (1994/95—336) representing grant of £31.9 million in respect of projects involving capital expenditure of £328 million creating 7212 jobs and safeguarding 2060 existing jobs (last year £280 million, 5561 and 4574). Over 90 per cent of the number of offers made were to companies employing under 200 people (last year 88 per cent). Over 47 per cent of offers made were for grants of £25,000 or less (last year 44 per cent).

Following the trend shown last year the total value of offers made under the REG scheme increased yet again. However this was due almost entirely to an increase in Innovation projects reflecting the growth in the importance of REG Innovation to small businesses.

The amount offered in respect of Innovation projects rose from £1.56 million to £2.1 million and the number of approved projects from 68 to 93. There were 77 offers in respect of Investment projects amounting to £591,000 (70 offers and £570,000 last year).

### *Inward Investment and Regional Development*

The attraction of inward investment to the region continued at a healthy rate. During the financial year, RSA was granted to 13 inward investment projects in the North West. These involved a total investment of over £90 million and the creation of over 2,500 jobs. INWARD, the regional development organization, had a direct involvement in six of these cases. The Board was pleased to learn of a record year for INWARD in attracting 31 projects involving capital expenditure of £117.25 million and the creation of 4,244 direct jobs.

The Board welcomes the draft Action for Competitiveness document, produced by the Government Office, and now subject to wide consultation with partners in the region. In conjunction with the North West Partnership's review of the Regional Economic Strategy, this should help to provide a common approach to the pursuit of competitiveness for the region as a whole, setting out the priorities for collective action. The Board particularly welcomes the recognition within the draft document of the importance to regional performance of improvements to the transport infrastructure.

### *TECs and Business Links*

The Board welcomes the significant impact that TECs and Business links have made in the further development and enhancement of business support

services. It particularly welcomes their contribution to the achievement of the North West's competitiveness agenda. Notably, TECs in the North West lead the country on the implementation of Modern Apprenticeships. There has been a very positive response to the development of business support initiatives such as North West Business Excellence, Made in Manchester and the World Class Manufacturing initiative through the Challenge Funds available in the region. With the North West Business Link infrastructure virtually complete the Board looks forward to another year of progress in the development of high quality services to business.

### *Export Performance*

The North West pursues investment opportunities abroad with a view to increasing the region's share of export markets for goods and services. The first phase of the North America Now initiative helped to increase visible exports to North America and we look forward to phase two which will have a greater focus on promoting trade in services.

The expansion of the Business Link network, together with secondment of export staff, continues to make a growing impact on the delivery of services to business. This will be further enhanced by the introduction of Export Development Counsellors.

The NAO recently completed a two year review of overseas Trade Services delivered to four markets in South East Asia. It found that in two years, a thousand new exporters were helped into the markets, and that companies derived other benefits from the services including new business contacts and increased export competence.

### *Membership*

Ian Sellars retired from the Board during the year. Fellow members join me in thanking him for his valuable contribution during his time in office.

D L DAVIES  
*Chairman*

## **Eastern Region Industrial Development Board**

### *General*

Business confidence strengthened in the first quarter following growth in demand across a number of sectors and business generally remained cautiously optimistic throughout the year. The manufacturing sectors experienced an upturn in orders, particularly amongst exporters following sustained growth in export markets throughout the year. This export activity was particularly noticeable in the engineering sectors and specialised technology based niche markets. Export orders also rose steadily throughout the year in electronic instruments and computer companies performed particularly well despite strong competition from Far East companies. Domestic markets began to slow in the second quarter and remained subdued. The defence, aerospace and

automotive industries continued to face difficulties. Throughout the year concern existed about the sustainability of the economic recovery and there was little evidence of the "feel good factor" returning.

Confidence in the mainly arable agricultural sector increased towards the end of the year following the good harvest. Although weather conditions reduced yields of root vegetables, particularly potatoes and sugar beet this was offset by higher prices and increased grower returns.

Service sector demand strengthened towards the end of the year, particularly transport, distribution, communications and business services. Service sector exports also increased.

Retail sales were generally sluggish, but improved marginally towards the end of the year. Consumer confidence remained patchy; spending picked up in electrical goods, white goods, computers, home furnishings, food and clothing. However, in areas such as cars and leisure activities spending remained weak. Large retailers reported increased sales but small retailers, on the whole, struggled to maintain sales volumes and there were further closures in the High Street.

The construction industry, particularly housebuilders and related suppliers, faced severe problems throughout the year. The housing market remained depressed as a result of interest rate rises and static property values. The number of private sector projects and housing starts fell. The DIY market, however, remained relatively buoyant.

On a more positive note, the numbers of businesses expanding increased throughout the year, particularly in R&D and manufacturing industries. Some large retailers also expanded. Investment in new capacity was largely restricted to companies enjoying export-led growth, accounting for the distinct upward trend in the engineering sectors. A large proportion of investments were in new technology or upgrading plant and machinery with a view to widening markets. Relatively few companies embarked on major projects to expand capacity. However, Glaxo opened its European Research Centre in Stevenage and construction work on SmithKline Beecham's R&D facility at Harlow continued. The Millennium Group, which purchased the former Rolls-Royce site at Leavesden Aerodrome in Hertfordshire announced its intention to develop a world-class film and television studio complex on the site.

### *Unemployment*

The unemployment rate for the Eastern Region stands at 6.7 per cent (March 1996) compared with an average of 8 per cent for the UK as a whole. The total number of unemployed persons claiming benefit in the region stood at 160,578, a decrease of 14,590 over the last 12 months. However, long-standing unemployment problems in the region's Intermediate Assisted Areas continued; Clacton (12.5 per cent), Harwich (13.8), Great

Yarmouth (11.1), and Wisbech (8.4). While unemployment in these areas is still high the recent trend is downwards.

Skill shortages regularly identified throughout the year included engineers, machine operators, specialist welders, draughtsmen, skilled construction workers, specialised electricians and tool makers. In the fourth quarter there was evidence of companies introducing positive training plans to overcome these shortages.

### *Government Assistance*

#### *Regional Selective Assistance*

During the year 47 offers of Regional Selective Assistance were made totalling £1.75 million. These offers were expected to stimulate an additional investment of £10.15 million and to lead to the creation of 269 new jobs and the safeguarding of a further 536. Approximately 60 per cent of these offers were for sums involving less than £25,000 in grant.

During the year, covered by this report, the Board held its first meeting and has subsequently considered three cases involving grants ranging from £0.14 to £0.24 million.

#### *REG (Innovation)*

Disappointingly, 11 offers were made during the year totalling £0.2 million compared to 26 during the previous year. This year's offers were expected to induce further investment on research and development of £0.43 million.

#### *Membership of the Board*

The Board currently enjoys a full complement of members (12) and I would like to record my appreciation for the support and contribution received from members and local officials.

#### *Summary*

The Board looks forward to continue making a constructive contribution to the regional economy during the next year.

E E ANSTEE

*Chairman*

## **London and South East Industrial Development Board**

### **London Region**

Three areas of London were given Assisted status in late 1993. Through this designation, Park Royal, Lea Valley and the East Thames Corridor have benefited from government assistance targeted at companies.

London's GDP remained at around 15 per cent of the national GDP. Five sectors are prominent in this contribution:- Paper and Printing Electrical and Optical, Machinery, Food, Beverages and Tobacco also Chemicals and Fibres.

### *Unemployment*

Unemployment is higher in Inner London than in Outer London. Unemployment at the end of March 1996 stood at 9.2 per cent. This compares with the UK as a whole which is 8 per cent. From 1993 to 1995 manufacturing employment in London rose 0.9 per cent while services employment rose 1.3 per cent.

### *Inward Investment*

The London First Centre has been active in seeking new investment projects for the region. A notable success is Delta Air Lines' new European Reservations/Sales Centre in the Park Royal Assisted Area. A £4.9 million investment which will create 195 jobs.

The successful bid for the Millenium Exhibition at Greenwich and the conversion of the Battersea Power Station into a leisure and shopping complex will attract significant investment and create jobs.

### *Government Assistance*

RSA—During the year 72 offers of RSA to the value of £8.5 million were made towards fixed costs of £74.4 million. These projects are expected to create 1,774 new jobs and safeguard 1,162. During the year, 20 full applications were appraised for REG Innovation grants. 15 offers of grant were made and accepted to a total value of £272,125.

## **South East Region**

### *General*

In August 1993 some six coastal areas of the South East were designated as assisted areas. These comprised Thanet, Sittingbourne & Sheerness, Dover & Deal and Folkestone in Kent; the Isle of Wight, and Hastings in East Sussex. All areas have had a high dependence on agriculture and tourism and the industry that exists is of a diverse nature. The peripherality of these areas to the population centres and markets of the UK has meant that the areas have suffered from a high level of unemployment. Whilst there has been some improvements since 1993 in all of the assisted areas, unemployment has remained at over 10 per cent and almost 14 per cent in Thanet, this compares with a UK average of 8 per cent and an average for the South East region of 6.1 per cent.

### *Inward Investment*

As a result of RSA a number of new inward investment projects have arrived or are now coming to some of the areas. These include investment projects in Thanet from German, American and Japanese companies and in Hastings by another Japanese company.

### *Government Assistance*

During the year Regional Selective Assistance offers to the value of some £14.6 million were made to projects with a total fixed capital cost approaching £160 million. These projects are expected to result in the creation or safeguarding

of some 3000 jobs. The increase in the number of large and prestigious projects over previous years is particularly noteworthy.

Regional Enterprise Grants both for Innovation and Investment are also available in the area. Forty six offers of grant totalling £695 thousand were made during the course of the year. Again the number of grants have increased over the previous year.

### *The Board*

The Board which was formed in March 1995 has acted as a fora for discussion on some of the factors affecting competitiveness in London and the South-East. These discussions have been found

particularly constructive and the outcome has been fed into some of the future strategy programmes for the areas.

Ann Hacker and David Storey resigned as Board members due to an increase in work commitments and we are grateful for their contribution. The size of the Board has increased with the recruitment of six new Board members. The Board welcomes Anthony Goddard, Ambar Paul, Margaret Gormley, Pamela Edwards, Christopher Dane OBE and Thomas Robson.

A WILLETT  
*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 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

Unemployment Statistics

1995 UNEMPLOYMENT BY AA STATUS  
(Broad base, see note (a))

<i>GO Region (b)</i>	<i>Number (000)</i>	<i>Per Cent</i>
Scotland		
DA	111.5	9.7
IA	34.1	9.3
NAA	57.8	5.9
Total	203.5	8.2
Wales		
DA	22.0	11.4
IA	60.6	8.5
NAA	25.2	6.6
Total	107.8	8.3
North East		
DA	117.8	11.8
IA	6.7	8.0
NAA	6.6	7.1
Total	131.1	11.3
Yorkshire & Humberside		
DA	36.7	12.4
IA	80.5	10.0
NAA	92.3	7.4
Total	209.5	8.8
East Midlands		
DA	7.5	12.0
IA	23.2	9.4
NAA	107.8	7.4
Total	138.5	7.7
Eastern		
IA	11.8	11.0
NAA	152.1	6.8
Total	163.9	7.0
South East (including London)(c)		
DA	6.8	13.9
IA	48.4	10.1
NAA	572.4	8.0
Total	627.6	8.1
South West		
DA	10.6	12.0
IA	35.8	9.8
NAA	120.8	6.6
Total	167.3	7.3
West Midlands		
DA	74.9	10.4
IA	81.3	8.8
NAA	58.9	6.0
Total	215.0	8.4
North West (including Merseyside)(c)		
DA	93.3	12.2
IA	59.8	8.1
NAA	120.3	7.1
Total	273.3	8.4
Great Britain		
DA	481.0	11.1
IA	442.2	9.2
NAA	1,314.2	7.3
Total	2,237.5	8.2

Notes

- (a) Unemployment data is a twelve month average over the calendar year of the claimant count, with 1994 estimates of the total workforce used in calculating the (broad) base.
- (b) DA = Development Area  
IA = Intermediate Area  
NAA = Non Assisted Area  
Assisted Area boundaries are as defined in August 1993. The Government Office regions are used.
- (c) Travel-to-work areas (TTWAs) have been attributed to regions on a best fit basis. It is not possible to split the South East/London and North West/Merseyside accurately.



APPENDIX 3

**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.

No payments were made under the Original Regional Development Grant scheme for the 1995-96 period and no further payments are expected for this scheme.

*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 REVISED REGIONAL DEVELOPMENT GRANTS VALUE OF PAYMENTS IN GREAT BRITAIN

£'000

<i>Standard Industrial Classification Division (SIC 1980)</i>	1995-96	1985-86(a) to 1995-96	
	<i>Payments</i>	<i>Grants in relation to approved projects(b)</i>	<i>Payments</i>
1. Energy and water supply industries	—	3,465	1,945
2. Extraction of minerals and ores other than fuels; manufacture of metals, mineral product	—	141,964	81,514
3. Metal goods, engineering and vehicle industries	221	553,901	337,211
4. Other manufacturing industries	—	583,020	359,539
7. Transport and communications	—	13,776	8,360
8. Banking, finance, insurance, business services and leasing	—	73,852	47,325
9. (i) Industrial research and development in specialised research establishments only	—	2,087	961
(ii) Football pools only	—	66	24
Other	341	67,365	40,887
<b>Total</b>	<b>562</b>	<b>1,439,496</b>	<b>877,766</b>

(a) From 29 November 1984.

(b) No new approvals were made in financial year 1995-96.

TABLE 2 REVISED REGIONAL DEVELOPMENT GRANTS VALUE OF PAYMENTS MADE BY REGION

£'000

<i>Area</i>	1995-96	1984-85(a) to 1995-96	
	<i>Payments</i>	<i>Grants in relation to approved projects(b)</i>	<i>Payments</i>
Scotland	—	430,630	238,811
Wales	4	276,135	170,740
North East	157	288,906	194,632
North West	221	238,377	157,586
Yorkshire and Humberside	—	94,568	61,683
East Midlands	—	77,261	33,933
South West	180	33,619	20,381
<b>Total</b>	<b>562</b>	<b>1,439,496</b>	<b>877,766</b>

(a) From 29 November 1984.

(b) No new approvals were made in financial year 1995-96.

## APPENDIX 4

## Regional Enterprise Grants

## Applications Received, Offers Made, Offers Accepted, and Payments Made: 1 April 1995 to 31 March 1996

## 1. INVESTMENT GRANTS

Region/Country	Applications:			Offers:			Payments (£'000)
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	
Scotland	210	13,028	127	942	119	893	653
Wales	43	2,126	18	125	17	105	192
North East	122	7,375	88	644	77	585	690
Yorkshire & Humberside	138	13,325	87	794	82	735	795
East Midlands	115	9,970	93	894	76	719	826
South West	49	2,909	36	307	32	287	297
North West	33	2,069	25	213	24	213	145
Merseyside	69	4,213	52	379	45	325	279
South East	21	2,584	18	108	12	88	614
West Midlands	109	20,080	68	608	56	512	369
Total	909	77,679	612	5,014	540	4,462	4,860

## 2. INNOVATION GRANTS

Region/Country	Applications:			Offers:			Payments (£'000)
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	
Scotland	176	18,436	141	3,270	127	2,905	2,349
Wales	103	6,975	64	1,227	59	1,132	1,410
North East	35	2,145	28	661	27	636	632
Yorkshire & Humberside	166	11,859	101	2,217	96	2,124	3,192
East Midlands	262	14,669	225	5,416	211	5,077	3,415
London	26	2,825	16	347	15	347	335
South West	25	1,377	20	462	18	302	544
North West	91	6,975	73	1,643	69	1,593	1,060
Merseyside	34	1,792	24	544	21	482	333
South East	43	5,509	27	586	24	511	379
West Midlands	119	8,360	73	1,650	70	1,574	754
East	24	2,620	11	202	10	183	284
Total	1,104	83,542	803	18,225	747	16,866	14,687

## 3. TOTAL INVESTMENT AND INNOVATION GRANTS

Region/Country	Applications:			Offers:			Payments (£'000)
	Number	Project Costs (£'000)	Number	Offer Value at Application	Number Accepted	Value of Accepted Offer	
Scotland	386	31,464	268	4,212	246	3,798	3,002
Wales	146	9,101	82	1,352	76	1,237	1,602
North East	157	9,520	116	1,305	104	1,221	1,322
Yorkshire & Humberside	304	25,184	188	3,011	178	2,859	3,987
East Midlands	377	24,639	318	6,310	287	5,796	4,241
South West	74	4,286	56	769	50	589	841
North West	124	9,044	98	1,856	93	1,806	1,205
Merseyside	103	6,005	76	923	66	807	612
South East	64	8,093	45	694	36	599	993
West Midlands	228	28,440	141	2,258	126	2,086	1,123
East	24	2,620	11	202	10	183	284
London	26	2,825	16	347	15	347	335
Total	2,013	161,221	1,415	23,239	1,287	21,328	19,547

## 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 when 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.

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.

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

The tables in this appendix follow the same format as in the last year's report, except that Table 3 has been expanded to include details of grant offered within each of the assisted areas of England and a new table 8 has been introduced showing grant offered to the United Kingdom and foreign owned businesses.

It should be noted that the data in this Appendix includes some offers of RSA administered under s8 of the Act. These were for applications received before revision of the Assisted Areas map on 1 August 1993 from areas which lost their Assisted Areas status. For details of these cases see Appendix 9 (Table 2).

TABLE 1 PROJECT GRANTS BY ASSISTED AREA  
APPLICATIONS RECEIVED 1 APRIL 1995 TO 31 MARCH 1996  
CUMULATIVE APPLICATIONS RECEIVED 1 APRIL 1986 TO 31 MARCH 1996

Country/Region	Applications Received 1.4.95 to 31.3.96						Cumulative Applications Received 1.4.86 to 31.3.96					
	Development Areas		Intermediate Areas		All Assisted Areas		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)
Great Britain	1,155	490,583	1,171	181,280	2,326	671,863	8,822	3,293,274	11,564	1,749,841	20,386	5,043,115
Scotland	238	223,326	18	7,306	256	230,632	2,137	1,225,867	403	151,740	2,540	1,377,607
Wales	60	40,428	157	52,181	217	92,609	1,114	628,907	1,301	340,568	2,415	969,475
England	857	226,829	996	121,793	1,853	348,622	5,571	1,438,500	9,860	1,257,533	15,431	2,696,033
East	—	—	54	2,634	54	2,634	—	—	129	10,086	129	10,086
East Midlands	27	3,024	75	7,857	102	10,881	177	44,838	333	31,554	510	76,392
London	—	—	77	12,129	77	12,129	1	50	136	19,491	137	19,541
Merseyside	109	19,180	—	—	109	19,180	1,109	301,605	15	1,480	1,124	303,085
North East	396	155,104	25	1,672	421	156,776	2,551	656,220	402	34,923	2,953	691,143
North West	52	5,701	249	28,054	301	33,755	562	163,474	2,450	247,979	3,012	411,453
South East	45	6,006	99	19,813	144	25,819	68	13,964	172	31,053	240	45,017
South West	17	5,301	47	4,691	64	9,992	326	55,853	648	89,510	974	145,363
West Midlands	137	18,161	226	18,504	363	36,665	340	60,902	4,005	565,159	4,345	626,061
Yorkshire and Humberside	74	14,352	144	26,439	218	40,791	437	141,594	1,570	226,298	2,007	367,892

TABLE 2 PROJECT GRANTS BY ASSISTED AREA  
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1995 TO 31 MARCH 1996  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1986 (1) TO 31 MARCH 1996

Country/ Region	Offers Accepted 1.4.95 to 31.3.96						Cumulative Offers Accepted 1.4.86 to 31.3.96					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		Payments 1.4.95 to (3) 31.3.96 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		Payments 1.4.86 to (3) 31.3.96 (£'000)
				New	Safeguarded					New	Safeguarded	
<b>Great Britain:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	110,035
Development Area	916	226,386	2,944,935	25,328	9,187	171,324	6,174	1,814,733	15,001,837	207,526	83,330	1,167,455
Intermediate Area	840	86,266	1,059,799	16,238	8,829	65,627	8,111	840,531	8,639,853	177,449	87,285	594,354
<b>Total</b>	<b>1,756</b>	<b>312,652</b>	<b>4,004,734</b>	<b>41,566</b>	<b>18,016</b>	<b>236,951</b>	<b>14,285</b>	<b>2,655,264</b>	<b>23,641,690</b>	<b>384,975</b>	<b>170,615</b>	<b>1,871,844</b>
<b>Scotland:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	36,283
Development Area	190	89,290	748,078	8,702	2,906	63,355	1,658	740,832	5,913,252	76,963	29,628	433,665
Intermediate Area	16	4,726	59,965	415	546	6,730	345	105,574	1,045,555	16,091	11,076	70,655
<b>Total</b>	<b>206</b>	<b>94,016</b>	<b>808,043</b>	<b>9,117</b>	<b>3,452</b>	<b>70,085</b>	<b>2,003</b>	<b>846,406</b>	<b>6,958,807</b>	<b>93,054</b>	<b>40,704</b>	<b>540,603</b>
<b>Wales:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	20,597
Development Area	57	29,874	129,804	2,129	1,872	34,187	781	391,843	2,178,593	38,248	15,014	253,425
Intermediate Area	119	28,860	436,861	4,565	1,597	20,002	995	237,207	2,618,869	38,888	21,563	153,673
<b>Total</b>	<b>176</b>	<b>58,734</b>	<b>566,665</b>	<b>6,694</b>	<b>3,469</b>	<b>54,189</b>	<b>1,776</b>	<b>629,050</b>	<b>4,797,462</b>	<b>77,136</b>	<b>36,577</b>	<b>427,695</b>
<b>England:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	53,155
Development Area	669	107,222	2,067,053	14,497	4,409	73,782	3,735	682,058	6,909,992	92,315	38,688	480,365
Intermediate Area	705	52,680	562,973	11,258	6,686	38,895	6,771	497,750	4,975,429	122,470	54,646	370,026
<b>Total</b>	<b>1,374</b>	<b>159,902</b>	<b>2,630,026</b>	<b>25,755</b>	<b>11,095</b>	<b>112,677</b>	<b>10,506</b>	<b>1,179,808</b>	<b>11,885,421</b>	<b>214,785</b>	<b>93,334</b>	<b>903,546</b>

(1) Information prior to 1986-87 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 the offer.

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

TABLE 3 PROJECT GRANTS BY ASSISTED AREAS IN ENGLISH REGIONS  
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1995 TO 31 MARCH 1996  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1986 (1) TO 31 MARCH 1996

Country/ Region	Offers Accepted 1.4.95 to 31.3.96						Cumulative Offers Accepted 1.4.86 to 31.3.96					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		Payments 1.4.95 to (3) 31.3.96 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		Payments 1.4.86 to (3) 31.3.96 (£'000)
				New	Safeguarded					New	Safeguarded	
<b>East</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Intermediate Area	44	1,258	7,709	213	477	1,782	89	4,280	27,435	723	1,012	2,196
<b>East Midlands:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	20	1,544	10,213	283	59	1,461	102	10,772	116,562	2,866	612	8,343
Intermediate Area	65	5,921	72,796	1,161	1,793	1,592	240	14,186	164,696	3,736	3,264	6,748
<b>London:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Intermediate Area	52	6,226	48,276	1,343	732	1,389	89	8,739	69,527	2,299	795	1,827
<b>Merseyside:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	2,560
Development Area	85	14,349	88,407	3,392	439	12,272	608	110,046	758,320	13,760	10,852	83,303
Intermediate Area	—	—	—	—	—	113	9	609	5,081	160	19	253
<b>North East:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	44,012
Development Area	318	61,096	1,722,998	6,687	1,668	42,663	1,817	331,159	4,272,200	45,807	13,570	230,490
Intermediate Area	16	830	6,788	172	23	1,274	305	21,042	201,156	5,409	1,804	23,320
<b>North West:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	5,918
Development Area	48	5,761	35,648	888	469	3,995	451	90,233	633,560	9,076	8,126	65,343
Intermediate Area	160	11,002	162,935	2,204	1,345	6,909	1,754	105,081	1,101,262	23,555	13,304	82,425
<b>South East:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	29	2,153	14,266	413	91	1,254	43	3,658	22,095	599	91	1,427
Intermediate Area	65	4,569	37,247	1,029	363	2,442	108	6,657	61,548	1,522	450	3,016
<b>South West:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	665
Development Area	13	2,223	11,742	319	42	1,741	203	23,833	95,650	3,649	578	24,116
Intermediate Area	35	8,354	73,355	1,777	290	4,992	398	51,208	404,302	10,832	2,170	30,196
<b>West Midlands:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	106	13,923	127,575	1,559	1,499	3,117	236	31,769	284,339	4,452	2,726	5,348
Intermediate Area	179	9,954	99,125	2,309	1,182	10,013	2,776	207,438	2,036,291	54,885	23,727	142,206
<b>Yorkshire and Humberside:</b>												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	50	6,173	56,204	956	142	7,279	275	80,588	727,266	12,106	2,133	61,995
Intermediate Area	89	4,566	54,742	1,050	481	8,389	1,003	78,510	904,131	19,349	8,101	77,839

(1) Information prior to 1986-87 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 4 PROJECT GRANTS—EMPLOYMENT  
CUMULATIVE OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1994  
PAYMENTS AND EMPLOYMENT CREATED OR SAFEGUARDED 1 APRIL 1986 TO 31 MARCH 1996

Country/Region	Offers Accepted 1.4.86 to 31.3.94			Offers Accepted 1.4.86 to 31.3.94 where some payment made up to 31.3.96			Total payments to 31.3.96 (£'000)	Employment created and safeguarded to 31.3.96
	No.	Value (£'000)	Forecast (1) Employment	No.	Value (£'000)	Forecast (1) Employment		
Great Britain	10,921	2,033,055	436,221	9,515	1,795,778	380,684	1,364,025	320,083
Scotland	1,551	640,751	105,008	1,327	557,506	89,322	392,417	72,782
Wales	1,427	532,087	96,976	1,123	448,699	81,431	329,570	66,312
England	7,943	860,217	234,237	7,065	789,573	209,931	642,038	180,989
East	10	240	74	8	217	68	179	47
East Midlands	206	11,947	5,183	174	9,968	4,249	8,218	4,246
London	5	117	41	5	117	41	107	31
Merseyside	434	82,765	17,403	375	71,402	15,223	60,799	13,482
North East	1,550	253,275	51,149	1,394	240,126	47,318	196,346	37,269
North West	1,774	153,318	42,160	1,620	144,127	39,141	117,321	35,958
South East	18	478	156	16	466	151	414	128
South West	463	50,138	11,713	404	43,879	10,065	36,157	9,048
West Midlands	2,478	182,099	71,482	2,174	162,771	63,009	126,238	55,088
Yorkshire and Humberside	1,005	125,840	34,876	895	116,500	30,666	96,259	25,692

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

TABLE 5 PROJECT GRANTS (1) IN GREAT BRITAIN BY TYPE OF INDUSTRY  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1986 TO 31 MARCH 1996

Standard Industrial Classification (SIC) 1992	Cumulative Offers Accepted 1.4.86 to 31.3.96					Payments 1.4.86 to 31.3.96 (£'000)
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		
Class/Description	No.	Value (£'000)	Associated Project Costs (£'000)	New	Safeguarded	(3)
01-05 Agriculture, hunting, forestry and fishing	44	1,992	18,095	596	99	853
10-14 Mining and quarrying	59	8,688	59,432	1,158	520	4,165
15-37 Manufacturing:						
15-16 Food, beverages and tobacco	836	205,617	1,414,617	29,346	14,129	149,282
17-19 Textiles, clothing, leather and footwear	1,176	122,605	850,344	28,551	11,995	90,349
20-22 Wood, paper, printing and publishing	1,458	182,766	1,922,957	25,651	12,062	138,903
23-25 Coke, petroleum, nuclear fuels, chemicals, m.m. fibres, rubber and plastic	1,543	328,332	3,127,244	40,160	21,809	243,791
26 Non-metallic mineral products	426	69,324	697,347	9,701	4,772	44,188
27-28 Metals and fabricated metal products	2,727	247,384	1,922,066	41,072	26,508	180,854
29 Machinery and equipment nes	1,261	195,957	1,559,076	28,150	20,035	154,497
30-33 Electrical and optical equipment	1,337	695,469	7,328,880	81,830	27,274	443,236
34-35 Transport equipment	628	306,796	2,492,204	30,849	23,011	235,962
36-37 Other manufacturing	725	59,974	432,177	14,832	3,073	40,607
40-41 Electricity, gas and water supply	9	1,374	8,212	199	85	626
45 Construction	231	9,003	66,738	3,343	423	7,563
50-52 Wholesale and retail trade, repairs	588	53,900	493,737	12,358	1,598	35,150
55 Hotels and restaurants	26	2,319	15,969	469	53	1,643
60-64 Transport, storage and communication	174	22,925	259,974	7,108	543	14,347
65-67 Financial intermediation	47	44,556	360,368	10,253	380	23,110
70-74 Real estate, renting and business activities	769	54,668	330,665	13,749	1,542	30,848
75-99 Other services	221	41,615	281,588	5,600	704	31,870
Total	14,285	2,655,264	23,641,690	384,975	170,615	1,871,844

(1) Information on closed schemes and on Project Grants prior to 1986-87 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 1992-93 TO 1995-96

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:	1992-93	1,644	481,331	1,130	223,810	1,549,451	28,151	13,087	189,049
	1993-94	2,230	625,300	1,442	339,763	2,228,995	38,898	20,849	214,548
	1994-95	2,094	579,151	1,608	310,561	2,821,868	41,860	17,952	247,087
	1995-96	2,326	671,863	1,756	312,652	4,004,734	41,566	18,016	236,951
Scotland:	1992-93	246	149,826	198	71,837	513,977	8,286	2,792	59,170
	1993-94	307	123,373	239	127,049	773,431	11,082	6,246	69,045
	1994-95	307	152,567	246	112,640	1,191,515	12,179	4,001	77,018
	1995-96	256	230,632	206	94,016	808,043	9,117	3,452	70,085
Wales:	1992-93	230	108,712	194	72,505	457,018	7,756	4,709	58,740
	1993-94	314	144,565	193	95,040	533,436	8,342	4,848	50,838
	1994-95	178	55,360	173	38,230	262,274	4,372	2,228	56,950
	1995-96	217	92,609	176	58,734	566,665	6,694	3,469	54,189
England:	1992-93	1,168	222,793	738	79,468	578,456	12,109	5,586	71,139
	1993-94	1,609	357,362	990	117,674	922,128	19,474	9,755	94,665
	1994-95	1,609	371,224	1,189	159,691	1,368,079	25,309	11,723	113,119
	1995-96	1,853	348,622	1,374	159,902	2,630,026	25,755	11,095	112,677

(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 1992-93 TO 1995-96

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	1,611	72	2	18
	1994-95	48	2,868	35	2,782	18,115	438	533	383
	1995-96	54	2,634	44	1,258	7,709	213	477	1,782
East Midlands:	1992-93	26	3,002	12	848	11,585	239	107	662
	1993-94	107	25,764	38	3,894	40,961	1,116	316	705
	1994-95	69	13,761	51	5,547	53,229	1,182	817	3,109
	1995-96	102	10,881	85	7,465	83,009	1,444	1,852	3,053
London:	1993-94	18	2,469	5	117	864	36	5	8
	1994-95	42	4,942	32	2,396	20,387	920	58	353
	1995-96	77	12,129	52	6,226	48,276	1,343	732	1,389
Merseyside:	1992-93	132	73,041	46	8,861	47,974	545	844	5,838
	1993-94	143	31,372	79	13,920	97,326	1,357	1,834	7,480
	1994-95	129	36,526	98	13,541	106,908	1,870	1,687	14,382
	1995-96	109	19,180	85	14,349	88,407	3,392	439	12,385
North East:	1992-93	236	51,367	156	25,225	150,884	3,506	593	27,324
	1993-94	272	61,987	196	33,699	267,409	4,154	1,934	32,109
	1994-95	321	51,307	238	36,998	298,716	5,956	935	34,958
	1995-96	421	156,776	334	61,928	1,729,786	6,859	1,691	43,937
North West:	1992-93	277	30,978	219	18,773	133,402	2,563	1,948	13,099
	1993-94	358	62,168	232	18,240	146,450	3,664	2,142	13,475
	1994-95	258	33,551	223	25,232	221,336	4,374	2,621	18,126
	1995-96	301	33,755	208	16,763	198,583	3,092	1,814	10,904
South East:	1993-94	33	4,171	18	478	4,232	122	34	36
	1994-95	63	15,028	39	3,116	27,899	557	53	743
	1995-96	144	25,819	94	6,721	51,513	1,442	454	3,696
South West:	1992-93	95	7,666	64	6,377	31,066	1,282	65	5,136
	1993-94	121	19,805	74	8,486	31,396	1,514	222	6,481
	1994-95	104	27,581	90	14,327	88,663	2,174	914	8,238
	1995-96	64	9,992	48	10,577	85,096	2,096	332	6,733
West Midlands:	1992-93	227	35,736	122	7,921	96,227	1,816	998	10,671
	1993-94	310	107,693	191	21,375	182,920	4,031	1,984	13,826
	1994-95	355	144,983	249	33,232	294,526	4,784	2,975	13,741
	1995-96	363	36,665	285	23,877	226,701	3,868	2,681	13,130
Yorkshire and Humberside:	1992-93	175	21,004	119	11,463	107,318	2,158	1,031	8,409
	1993-94	220	37,350	147	17,225	148,959	3,408	1,282	20,527
	1994-95	220	40,677	134	22,520	238,300	3,054	1,130	19,086
	1995-96	218	40,791	139	10,738	110,946	2,006	623	15,668

(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 PROJECT GRANTS BY UK AND FOREIGN OWNED COMPANIES  
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1995 TO 31 MARCH 1996  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1986 TO 31 MARCH 1996

Country/ Region	Offers Accepted 1.4.95 to 31.3.96						Cumulative Offers Accepted 1.4.86 to 31.3.96					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (1) Employment		Payments 1.4.95 to 31.3.96 (2) (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (1) Employment		Payments 1.4.86 to 31.3.96 (2) (£'000)
				New	Safeguarded					New	Safeguarded	
<b>Great Britain:</b>												
UK Owned	1,637	152,689	1,311,619	25,858	11,123	116,612	13,054	1,431,224	11,215,064	265,868	107,219	1,019,560
Foreign Owned	119	159,963	2,693,115	15,708	6,893	120,339	1,231	1,224,040	12,426,626	119,107	63,396	852,284
<b>Total</b>	<b>1,756</b>	<b>312,652</b>	<b>4,004,734</b>	<b>41,566</b>	<b>18,016</b>	<b>236,951</b>	<b>14,285</b>	<b>2,655,264</b>	<b>23,641,690</b>	<b>384,975</b>	<b>170,615</b>	<b>1,871,844</b>
<b>Scotland:</b>												
UK Owned	167	38,694	225,511	4,374	1,772	28,672	1,638	385,983	2,730,102	51,075	24,925	259,206
Foreign Owned	39	55,322	582,532	4,743	1,680	41,413	365	460,423	4,228,705	41,979	15,779	281,397
<b>Total</b>	<b>206</b>	<b>94,016</b>	<b>808,043</b>	<b>9,117</b>	<b>3,452</b>	<b>70,085</b>	<b>2,003</b>	<b>846,406</b>	<b>6,958,807</b>	<b>93,054</b>	<b>40,704</b>	<b>540,603</b>
<b>Wales:</b>												
UK Owned	142	21,074	121,477	3,439	915	27,538	1,480	326,280	2,184,265	51,837	16,758	214,842
Foreign Owned	34	37,660	445,188	3,255	2,554	26,651	296	302,770	2,613,197	25,299	19,819	212,853
<b>Total</b>	<b>176</b>	<b>58,734</b>	<b>566,665</b>	<b>6,694</b>	<b>3,469</b>	<b>54,189</b>	<b>1,776</b>	<b>629,050</b>	<b>4,797,462</b>	<b>77,136</b>	<b>36,577</b>	<b>427,695</b>
<b>England:</b>												
UK Owned	1,328	92,921	964,631	18,045	8,436	60,402	9,936	718,961	6,300,697	162,956	65,536	545,512
Foreign Owned	46	66,981	1,665,395	7,710	2,659	52,275	570	460,847	5,584,724	51,829	27,798	358,034
<b>Total</b>	<b>1,374</b>	<b>159,902</b>	<b>2,630,026</b>	<b>25,755</b>	<b>11,095</b>	<b>112,677</b>	<b>10,506</b>	<b>1,179,808</b>	<b>11,885,421</b>	<b>214,785</b>	<b>93,334</b>	<b>903,546</b>
<b>East:</b>												
UK Owned	44	1,258	7,709	213	477	1,782	89	4,280	27,435	723	1,012	2,196
Foreign Owned	—	—	—	—	—	—	—	—	—	—	—	—
<b>East Midlands:</b>												
UK Owned	85	7,465	83,009	1,444	1,852	2,137	324	19,758	219,886	5,605	3,422	10,498
Foreign Owned	—	—	—	—	—	916	18	5,200	61,372	997	454	4,590
<b>London:</b>												
UK Owned	50	4,336	36,899	1,148	293	1,389	87	6,849	58,150	2,104	356	1,825
Foreign Owned	2	1,890	11,377	195	439	—	2	1,890	11,377	195	439	—
<b>Merseyside:</b>												
UK Owned	80	8,999	61,175	1,400	322	6,068	572	66,158	464,143	9,905	7,536	46,780
Foreign Owned	5	5,350	27,232	1,992	117	6,317	45	44,496	299,258	4,015	3,335	39,338
<b>North East:</b>												
UK Owned	320	23,312	332,049	3,974	1,241	12,146	1,968	171,021	1,517,581	34,042	10,210	131,020
Foreign Owned	14	38,616	1,397,737	2,885	450	31,791	154	181,180	2,955,774	17,174	5,164	166,803
<b>North West:</b>												
UK Owned	202	13,078	120,326	2,723	1,436	8,145	2,127	129,903	1,061,232	27,950	14,702	108,448
Foreign Owned	6	3,685	78,257	369	378	2,759	78	65,411	673,590	4,681	6,728	45,238
<b>South East:</b>												
UK Owned	94	6,721	51,513	1,442	454	3,696	151	10,315	83,644	2,121	541	4,441
Foreign Owned	—	—	—	—	—	—	—	—	—	—	—	—
<b>South West:</b>												
UK Owned	42	2,777	21,076	807	175	4,199	557	40,937	243,908	8,372	1,785	35,523
Foreign Owned	6	7,800	64,020	1,289	157	2,534	44	34,104	256,043	6,109	963	19,455
<b>West Midlands:</b>												
UK Owned	273	14,577	141,226	2,919	1,563	7,958	2,847	146,162	1,390,932	45,107	18,099	103,924
Foreign Owned	12	9,300	85,475	949	1,118	5,172	165	93,046	929,699	14,230	8,354	43,632
<b>Yorkshire and Humberside:</b>												
UK Owned	138	10,398	109,649	1,975	623	12,882	1,214	123,578	1,233,786	27,027	7,873	100,857
Foreign Owned	1	340	1,297	31	—	2,786	64	35,520	397,611	4,428	2,361	38,978

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

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

TABLE 9 CLOSED SCHEMES  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1986 (1) TO 31 MARCH 1996

Country/Region	Old Criteria Grants (2)			OSIS Grants (3)			Training Grants (4)		
	No.	Cumulative Offers	Payments	No.	Cumulative Offers	Payments	No.	Cumulative Offers	Payments
		Value (£'000)	Value (£'000)		Value (£'000)	Value (£'000)		Value (£'000)	
Great Britain	3	2,070	3,579	—	—	6,254	3	1,868	20,687
Scotland	—	—	594	—	—	1,673	1	1,000	14,321
Wales	—	—	2,320	—	—	2,151	1	23	946
England	3	2,070	665	—	—	2,430	1	845	5,420
East Midlands	—	—	—	—	—	993	—	—	13
North East	2	2,050	537	—	—	181	1	845	1,805
North West	—	—	120	—	—	431	—	—	342
South West	1	20	8	—	—	267	—	—	401
West Midlands	—	—	—	—	—	—	—	—	2,693
Yorkshire and Humberside	—	—	—	—	—	558	—	—	166

(1) Information prior to 1986-87 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.

TABLE 10 PAYMENTS MADE BY FINANCIAL YEAR FROM 1986-87(1) FOR GREAT BRITAIN

£'000

Financial Year	Project Grants	Old Criteria Grants (2)	Training Grants	OSIS Grants (3)	Total
1986-87	115,352	471	8,055	2,433	126,311
1987-88	140,416	510	5,881	2,409	149,216
1988-89	176,166	564	1,888	1,343	179,961
1989-90	173,476	—	2,998	67	176,541
1990-91	185,945	—	1,366	—	187,311
1991-92	192,934	—	96	—	193,030
1992-93	188,969	—	80	—	189,049
1993-94	214,548	30	—	—	214,578
1994-95	247,087	—	—	—	247,087
1995-96	236,951	—	—	—	236,951

(1) Information prior to 1986-87 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.

TABLE 11 APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 1995 TO 31 MARCH 1996  
CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 1986 TO 31 MARCH 1996

Country/Region	Applications Rejected and Withdrawn 1.4.95 to 31.3.96			Cumulative Applications Rejected and Withdrawn 1.4.86 to 31.3.96		
	DA	IA	Total	DA	IA	Total
Great Britain	208	186	394	2,083	2,836	4,919
Scotland	28	3	31	311	58	369
Wales	3	17	20	269	229	498
England	177	166	343	1,503	2,549	4,052
East	—	10	10	—	32	32
East Midlands	3	7	10	66	78	144
London	—	3	3	—	11	11
Merseyside	23	—	23	410	7	417
North East	88	4	92	615	93	708
North West	9	44	53	78	516	594
South East	2	11	13	7	19	26
South West	10	20	30	116	213	329
West Midlands	26	35	61	69	1,088	1,157
Yorkshire and Humberside	16	32	48	142	492	634

DA = Development Area

IA = Intermediate Area

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

ECSC loans are available in coal or steel closure areas designated by the European Commission under Article 56 of the Treaty of Paris. They are intended to assist firms in a wide range of sectors with projects likely to improve job opportunities for former coal and steel workers. The loans are fixed-rate and normally repayable over five years. An interest rate rebate is payable depending on forecast and achieved job creation. They can contribute up to half of eligible fixed capital investment.

Applications for ECSC loans exceeding about £6 million or for an amount where the total project costs exceed £8 million are made direct to the European Commission. Applications for smaller loans (of not

less than £10,000) are made through branches or regional business loan centres of the following financial intermediaries which have global loan agreements with the European Commission:

- Barclays Bank Plc
- National Westminster Bank Plc
- Clydesdale Bank Plc
- Midland Bank Plc
- Royal Bank of Scotland Plc
- Bank of Scotland
- TSB Scotland Plc
- 3i
- Welsh Development Agency

## APPENDIX 8

## 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 1994-95	Received in 1995-96	Rejected	Withdrawn	Under Consideration	Number	Estimated Cost (a) (£'000)	Estimated Grant (a) (£'000)
Department of the Environment	Sewerage	21	4	0	1	16	3	3,730	324
	Water	5	1	0	0	2	1	17	3
	Water and Sewerage	34	6	5	1	32	4	1,564	155
Department of Transport	Roads	12	10	2	2	8	10	7,241	2,132
Scottish Office Development Dept	Roads	60	4	nil	nil	nil	34	7,299	1,767
Environment Department	Sewerage	1	nil	nil	nil	1	nil	nil	nil
	Water supply	3	nil	nil	nil	nil	3	142	43
Welsh Office	Roads	8	4	2	4	3	3	1,926	564
	Water	18	nil	1	1	13	3	2,328	179
	Sewerage	7	2	nil	nil	8	1	24	7
Department of Trade and Industry	Gas	1	nil	nil	nil	nil	nil	nil	nil
	Electricity	1	nil	nil	nil	nil	nil	nil	nil
<b>Total</b>		<b>171</b>	<b>31</b>	<b>10</b>	<b>9</b>	<b>83</b>	<b>62</b>	<b>24,271</b>	<b>5,174</b>

(a) These figures represent the position at 31 March 1996 for those applications approved during the year.

APPENDIX 9

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

TABLE 1 SCHEMES CLOSED FOR APPLICATIONS AT 31.3.96 WITH TRANSACTIONS OUTSTANDING

	Applications					Offers		Payments (£'000)		
	Date of introduction	Closing date for applications	Received	Rejected or withdrawn	Under consideration at 31.3.96	Number	Project costs (£'000)	Assistance offered (£'000)	Cumulative	Year to 31.3.96
General Certification Schemes	April '83	16.12.91	96	39	nil	57	10,864	3,182	2,941	34
Assistance for Exceptional Projects (b)	12.1.88	18.7.95	56	53	nil	3	312,500	25,000	22,000(c)	6,000
Coal Subsidy Scheme	25.3.93	31.3.95	11	N/A	nil	11	N/A	26,200(d)	16,841(e)	4,949
<b>Total</b>			<b>163</b>	<b>92</b>	<b>nil</b>	<b>71</b>	<b>323,364</b>	<b>54,382</b>	<b>41,782</b>	<b>10,983</b>

- (a) Does not include present live schemes under section 8. These are detailed individually in the report.
- (b) For South East Region.
- (c) £70,000 was paid during 1994-95.
- (d) Assistance offered under this scheme relates to tonnage and coal quality. The value attributed to these offer is , therefore, a calculation based on the maximum grant expected on those cases.
- (e) £651,967 was paid during 1993-94.

Note: Further details of closed schemes under s8 are to be found in Appendix 10 of the Annual Report of the Industrial Development Act 1982 for the year ended 31 March 1995, published by HMSO: London ISBN 0-10-020635-2, Price £10.25.

TABLE 2 RSA CASES UNDER SECTION 8 OF THE INDUSTRIAL DEVELOPMENT ACT 1982 APPLICATIONS RECEIVED IN TRANSITIONAL AREAS\* OFFERS ACCEPTED AND PAYMENTS MADE FOR THE PERIOD 1 AUGUST 1993 TO 31 MARCH 1996

	Applications		Offers accepted		Associated Project Costs (£'000)	Forecast Employment		Payments 1.8.93 to 31.3.96 (£'000)
	No.	Value (£'000)	No.	Value (£'000)		New	Safeguarded	
Great Britain	249	50,300	125	14,420	123,760	2,343	1,007	6,637
Scotland	—	—	—	—	—	—	—	—
Wales	40	12,548	24	6,185	36,608	440	598	2,677
England	209	37,752	101	8,235	87,152	1,903	409	3,960
East	—	—	—	—	—	—	—	—
East Midlands	34	17,579	12	1,628	16,381	339	98	633
London	—	—	—	—	—	—	—	—
Merseyside	—	—	—	—	—	—	—	—
North East	8	1,343	4	89	715	20	0	65
North West	90	7,061	45	2,214	25,949	607	200	921
South East	—	—	—	—	—	—	—	—
South West	7	1,066	2	200	851	46	0	150
West Midlands	34	5,042	15	1,082	14,646	307	68	548
Yorkshire and Humberside	36	5,661	23	3,022	28,610	584	43	1,643

\* Transitional Areas are areas that were assisted before the map change on 1.8.93 and became non-assisted thereafter.

## APPENDIX 10

## Small Firms Loan Guarantee Scheme

TABLE 1 GUARANTEES ISSUED FROM INCEPTION IN JUNE 1981 TO 31 MARCH 1996 BY REGION

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	3,104	120.72
Wales	2,597	77.80
North East	2,286	66.39
Yorkshire & Humberside	3,789	115.38
East Midlands & East	4,760	153.14
London & South East	17,756	634.28
South West	6,332	191.49
West Midlands	4,158	129.63
North West	5,342	162.70
Northern Ireland	499	21.84
Total	50,623	1,673.37

TABLE 2 GUARANTEES ISSUED FROM 1 APRIL 1995 TO 31 MARCH 1996 BY REGION

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	464	22.85
Wales	347	11.47
North East	261	8.41
Yorkshire & Humberside	543	19.54
East Midlands & East	868	29.68
London & South East	2,469	97.63
South West	1,156	37.72
West Midlands	652	21.21
North West	650	22.73
Northern Ireland	74	4.16
Total	7,484	275.40

## 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 EN ISO 9000 (formerly 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 re-working 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 to the Shipbuilding Industry

### Home Credit Scheme for Shipbuilding

In the year to 31 March 1996 net payments of interest from the banks totalled £0.6 million (previous year, £3.0 million). These were made to the Department of Trade and Industry under the authority of the Industry Act 1975 (Section 25).

In the table below, the previous year's figures are shown in brackets.

#### STATEMENT OF GUARANTEES FOR THE YEAR ENDED 31 MARCH 1996

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1995 (a)	180 (188)	482,609 (557,380)
Guarantees offered in year 1995-96 (a)	23 (19)	220,000 (86,186)
Repayments in year 1995-96 (b)	25 (27)	120,165 (160,957)
Guarantees current on 31 March 1996(a)	178 (180)	582,444 (482,609)

(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 was 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 was 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 could receive support for one project in one of the key management areas of between five and 15 consultant days. DTI contributed one third of the cost (one half in Assisted and Urban Programme Areas).

### Procedure

Applicants received an initial, free Business Review lasting up to two days, carried out by an Enterprise Counsellor (an experienced business person employed by DTI) to assess the needs of the firm and its ability to benefit from an assisted consultancy. The Enterprise Counsellor also provided signposting to other forms of public and private sector assistance where appropriate and took 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 recommended an assisted consultancy, the case was referred to one of the Department's independent Scheme Contractors who would 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 were eligible to be listed for work under the scheme if they had either two years' experience of independent operation, and could demonstrate that they have the appropriate expertise and skills. Consultancy practices contributed 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 5-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, were unsure about the benefits of consultancy and who had limited resources. Firms who undertook instalment projects had the option of extending their projects to the full 15 days.

### Post Completion Visit

Six to twelve weeks after project completion the firm had the option of a further visit from the Enterprise Counsellor who would review the effectiveness of the project, check to see if the firm were 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 1996 (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	9,241	448	998	7,109	5,224	22,462
Wales	7,760	468	1,461	5,388	3,877	16,419
North East	6,189	169	1,130	4,480	3,125	12,786
Yorks & Humberside	13,114	687	2,034	9,928	6,925	28,941
East Midlands	9,094	223	1,646	6,620	4,495	16,628
East	12,544	262	2,954	8,594	5,414	18,181
South East	39,436	1,797	6,902	35,036	17,548	63,769
South West	13,126	187	2,922	9,032	5,667	19,285
West Midlands	15,535	357	2,691	11,551	7,953	33,490
North West	19,763	636	2,487	16,665	10,838	40,822
Total	145,802	5,234	25,225	114,403	71,066	272,783

\* Actual spend Consultancies—including Business Reviews

TABLE 2 PROJECTS APPROVED BY ASSISTED AREA AND URBAN PROGRAMME AREA TO 31 MARCH 1996 (cumulative from January 1988)

Region	Projects Approved	AA/UPA-%
Scotland	7,109	80.1
Wales	5,388	90.7
North East	4,480	96.0
Yorks & Humberside	9,928	75.0
East Midlands	6,620	31.9
East	8,594	0.0
South East	35,036	17.1
South West	9,032	26.8
West Midlands	11,551	71.8
North West	16,665	66.3
Total	114,403	55.5

(a) Assisted Areas as defined August 1993.

(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 1996 (cumulative from January 1988)

Region	Projects Approved	Production %	Services %
Scotland	7,109	45.0	55.0
Wales	5,388	55.5	44.5
North East	4,480	51.3	48.7
Yorks & Humberside	9,928	60.0	40.0
East Midlands	6,620	60.0	40.0
East	8,594	47.6	52.4
South East	35,036	33.6	66.4
South West	9,032	43.0	57.0
West Midlands	11,551	61.4	38.6
North West	16,665	52.0	48.0
Total	114,403	50.9	49.0

TABLE 4 PROJECTS APPROVED BY SIZE OF FIRM TO 31 MARCH 1996 (cumulative from January 1988)

Region	Projects Approved	Size of Firm-%				
		<10	10-24	25-99	100-199	200-499
Scotland	7,109	33.8	28.8	27.7	6.3	3.4
Wales	5,388	40.6	29.9	23.9	4.1	1.4
North East	4,480	38.4	29.5	24.7	4.8	2.0
Yorks & Humberside	9,928	35.1	30.3	27.2	5.3	2.3
East Midlands	6,620	31.5	30.0	29.1	6.1	2.9
East	8,594	38.6	29.4	25.5	4.5	1.8
South East	35,036	41.7	28.9	23.3	3.9	1.7
South West	9,032	43.7	27.9	23.2	3.7	1.6
West Midlands	11,551	33.6	31.1	28.2	4.9	2.0
North West	16,665	37.7	29.6	25.8	4.3	1.9
Total	114,403	38.2	29.5	25.5	4.6	2.0

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During the year, some changes were made to the membership of some of the Boards. The names below represent the position at 31 March 1996.

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