

# Industrial Development Act 1982

Annual Report  
by

**The Secretary of State for Business,  
Energy and Industrial Strategy,  
the First Minister of Scotland,  
and the Welsh Ministers**

**For the year ended 31 March 2016**



Department for  
Business, Energy  
& Industrial Strategy



Llywodraeth Cymru  
Welsh Government

# Industrial Development Act 1982

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The Secretary of State for Business,  
Energy and Industrial Strategy,  
the First Minister of Scotland,  
and the Welsh Ministers

For the year ended 31 March 2016

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

Laid before the Scottish Parliament

Laid before the Welsh Assembly

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## Contents

	<i>Paragraphs</i>
Introduction	1-3
<b>Assistance Under Section 7</b>	4-6
Section 7 Support in Scotland	7
Section 7 Support in Wales	8-9
Section 7 Support in England	10-15
Hatfield Colliery	16-19
<b>Assistance Under Section 8</b>	20
Section 8 Financial Limit	21-22
Section 8 Schemes – General	23-26
Section 8 Resolutions	27
Section 8 Support in Scotland	28-29
Section 8 Support in Wales	30
Section 8 Support in England	31
<b>Section 8 Schemes Open to New Applications 2014/2015</b>	32
<b>Schemes Operated by the British Business Bank</b>	33-37
– Business Finance Partnership (small business tranche)	38-41
– Investment Programme	42-43
– Enterprise Finance Guarantee	44-47
– Start-Up Loans Scheme	48-50
– Business Angel Co-Investment Fund	51-54
<b>Support for Local Growth Using Section 8</b>	
– Support for City Deals	55-57
– City Deals – First Wave	58-61
– City Deals – Second Wave	62-64
<b>Other Current Section 8 Schemes and Miscellaneous Section 8 Awards</b>	
– UK Coal	65
– Growth Accelerator	66-67
– Growth Vouchers	68-71
– Compensation for the Indirect Costs of the EU Emissions Trading System and the Carbon Price Support Mechanism	72-75
– Compensation of Energy Intensive Industries (EIIs) for the Indirect Costs of the Renewables Obligation and Feed in Tariff	76-78
– NSAR: National Skills Academy for Rail	79-80
– Building Information Modelling (BIM) – Construction Industry Council (CIC)	81
– techUK – Cyber Growth Partnership SME Growth Project (Cyber Connect UK)	82-83
– Key IQ Limited – Cyber Growth Partnership SME Growth Project (Cluster Development)	84-86
<b>Section 8 Schemes No Longer Open to New Applications</b>	
– Digital Region Ltd	87
– Enterprise Fund	88
– Small Firms Loan Guarantee	89-90
– Early Growth Fund	91
– Vehicle Scrappage Scheme	92-94
– Automotive Assistance Programme	95-97

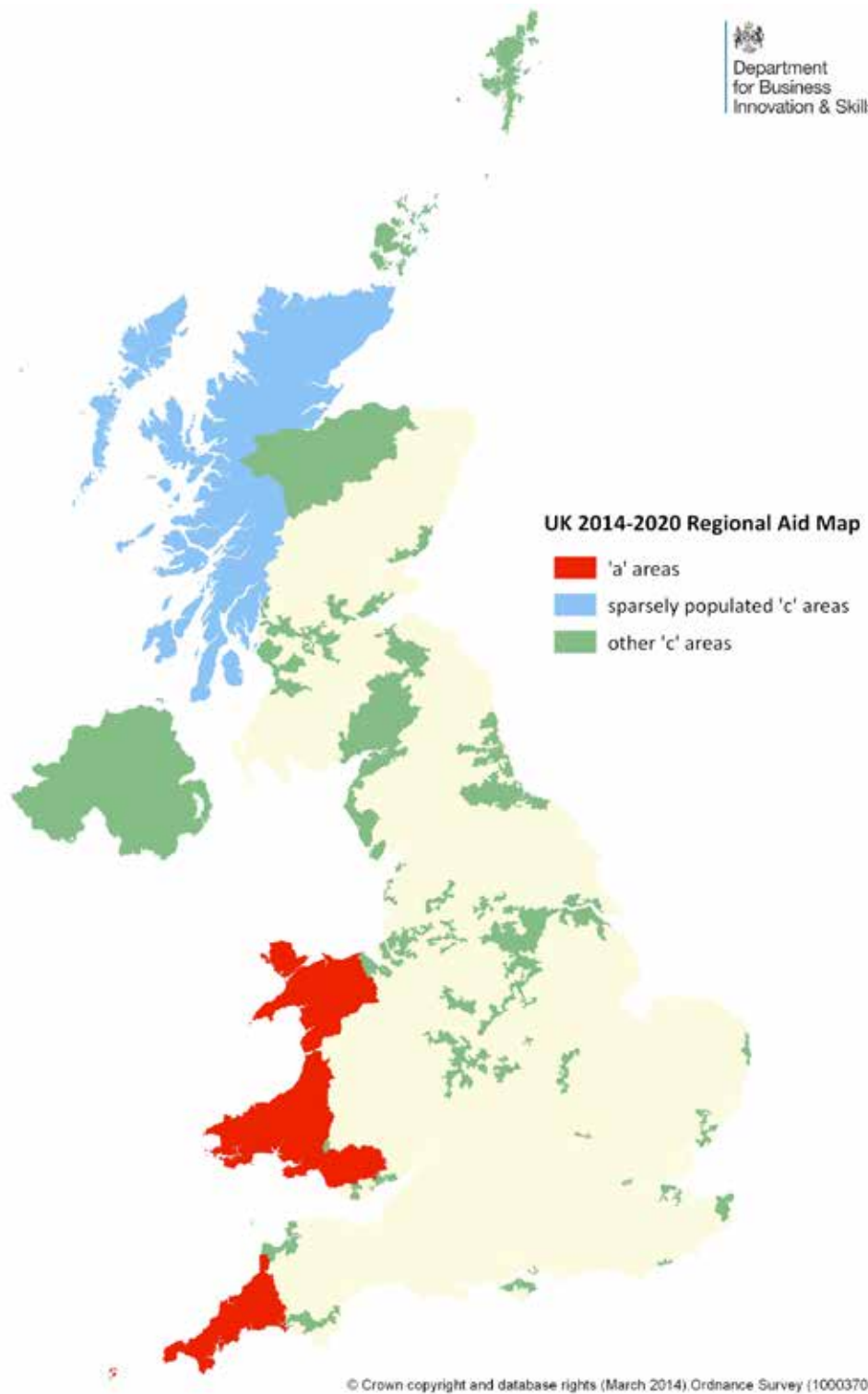
<b>The Regional Growth Fund</b>	98-101
<b>Assistance under Sections 11 and 12</b>	102-104
techUK – CGP Exchange	105-107
UK Trade and Investment (UKTI)	108-109
UK Export Finance	110
Overseas Business Networks Initiative(OBNi)	111
Business Support Helpline	112
Promoting Enterprise Culture	113-114
<b>Assistance Under Section 13</b>	
Improvement of Basic Services	115-118
<b>Assistance Under Section 14</b>	119
<b>Assistance under Part III of the Industry Act 1972</b>	
The Home Shipbuilding Credit Guarantee Scheme	120-121
<b>Reports of the Industrial Advisory Boards</b>	
Welsh Industrial Development Advisory Board (WIDAB)	122-124
Industrial Development Advisory Board (IDAB)	125-138

<b>Appendices</b>	<b>Page</b>
<b>1 Sections 11 and 15 of the Industrial Development Act 1982</b>	19
<b>2 Statistics Relating to the Regional Selective Assistance and Single Investment Fund Schemes:</b>	
Table: 1 Cumulative Applications Received from 1 April 2003 to 31 March 2016.	20
Table: 2 Payments Made in Great Britain by Assisted Area from 1 April 2014 to 31 March 2016 and Cumulative Offers Accepted and Payments Made from 1 April 2004 to 31 March 2016.	21
Table: 3 Cumulative Offers Accepted and Payments Made in Great Britain by Type of Industry from 1 April 2004 to 31 March 2016.	22
Table: 4 Applications Received, Offers Accepted and Payments Made by Country from 2010/2011 to 2015/2016.	23
Table: 5 Payments Made to UK and Foreign-owned Companies from 1 April 2014 to 31 March 2016 and Cumulative Offers Accepted and Payments Made from 1 April 2004 to 31 March 2016.	24
<b>3 Statistics Relating to the Repayable Business Finance Scheme:</b>	
Table: 1 Repayable Business Finance Grant Scheme Offers Accepted from 1 April 2015 to 31 March 2016.	25
<b>4 Statistics Relating to the Regional Growth Fund:</b>	
Table: 1 Final Offers Accepted from 1 April 2015 to 31 March 2016 and Cumulative Total Offers Accepted and Payments Made	26
<b>5 Chairmen and Members of the Industrial Development Advisory Boards</b>	27
<b>6 Resolutions Under Section 8, 2015/2016</b>	28

## Abbreviations

AAP	Automotive Assistance Programme
AMR	RGF Annual Monitoring Report
the Act	Industrial Development Act 1982
BBB	British Business Bank
BBBIL	British Business Bank Investments Ltd
BBFL	British Business Finance Ltd
BEIS	Department for Business, Energy and Industrial Strategy
BIM	Building Information Modelling
BIS	Department for Business, Innovation and Skills
CDVF	Community Development Venture Fund
CICM	Chartered Institute for Credit Management
CPS	Carbon Price Support Mechanism
CoFund	Business Angel Co-investment Fund
CPA	Construction Products Association
Defra	Department for Environment, Food and Rural Affairs
DECC	Department of Energy and Climate Change
DfT	Department for Transport
ECF	Enterprise Capital Funds
EFG	Enterprise Finance Guarantee
EGF	Early Growth Fund
EU ETS	EU Emissions Trading System
GBI	Grant for Business Investment
IDAB	Industrial Development Advisory Board
LEP	Local Enterprise Partnership
NSAR	National Skills Academy for Rail
OBNi	Overseas Business Networks Initiative
P2P	Peer-to-peer
PPC	Prompt Payment Code
RCT	Randomised Controlled Trials
RDA	Regional Development Agency
RGF	Regional Growth Fund
RSA	Regional Selective Assistance Scheme
Service Co	British Business Financial Services Ltd
SFIE	Selective Finance for Investment in England
SFLG	Small Firms Loan Guarantee
SIF	Single Investment Fund
SMEs	Small and Medium Sized Enterprises
UKGIB	UK Green Investment Bank
UKTI	UK Trade and Investment
WIDAB	Welsh Industrial Development Advisory Board

# Assisted Areas in Great Britain and Northern Ireland, 1 July 2014 to 2020



Produced by BIS

**Notes:**

1. The Assisted Areas map was approved by the European Commission on 21 May 2014 and became operational in the UK on 1 July 2014.
2. There are provisions in the Commission's Guidelines on Regional State Aid for 2014-2020, which set the parameters within which EU member states can draw their maps, that allow a limited review for the period from 1 January 2017.



# Industrial Development Act 1982

## Joint Report by the Secretary of State for Business, Energy and Industrial Strategy, the First Minister of Scotland and the Welsh Ministers

On 14 July 2016, the Department for Business, Innovation and Skills (BIS) became the Department for Business, Energy and Industrial Strategy (BEIS). The Department of Energy and Climate Change (DECC) ceased to exist with its functions transferring to BEIS. Even though this report has been presented by the Secretary of State for Business, Energy and Industrial Strategy (with the First Minister of Scotland and Welsh Ministers), any actions carried out under the Industrial Development Act 1982, during financial year 2015-2016, either by, or on behalf of, the Secretary of State for Business, Innovation and Skills, have been recorded as such.

### Introduction

1. As required by sections 11 and 15 of the Industrial Development Act 1982 (the 1982 Act), this Report for the year ended 31 March 2016 describes the exercise of powers under 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. As a result of devolution legislation (the Scotland Act 1998, the Government of Wales Act 1998, S.I. 1999/672 and the Government of Wales Act 2006) some powers under the Act have been exercised from 1 July 1999 in Scotland by the First Minister of Scotland and from 25 May 2007 in Wales by the Welsh Ministers. Over the period covered by this Report these powers were exercised concurrently throughout the UK by the Secretary of State for Business, Innovation and Skills (BIS).
3. The Enterprise Act 2016 introduced two amendments, which came into effect on 4 July 2016, to the 1982 Act. Firstly, under section 8, the per project threshold for providing financial assistance to businesses, before a resolution of the House of Commons is required, has been increased from £10 million to £30 million. Secondly a new section 13A is being introduced, which will enable Government to make grants or loans towards the cost of improving electronic communications facilities in any area of the UK.

### Assistance Under Section 7

4. Section 7 of the 1982 Act provides for financial assistance to industry to be given in the Assisted Areas of Great Britain. The purpose of providing assistance under section 7 is to encourage sound projects which will improve sustainable employment opportunities in the Assisted Areas (see the map on page vii).
5. A new Assisted Areas map 2014-2020 came into force on 1 July 2014 (see the Assisted Areas Order 2014 – 2014 No.1508) but there are provisions in the European Commission's Guidelines on Regional State Aid for 2014-2020<sup>1</sup>, which set the parameters within which EU member states can draw their maps, that allow a limited review for the period from 1 January 2017. The present UK Assisted Areas map covers 27.05% of the population (based on 2010 population data) including the whole of Northern Ireland.
6. The powers to provide regional assistance under section 7 were in England exercised by the Secretary of State for Business, Innovation and Skills, in Scotland by the First Minister of Scotland and in Wales by the Welsh Ministers.

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<sup>1</sup> 2013/C 209/01.

## **Section 7 Support in Scotland**

7. Regional support in Scotland is provided mainly through the Regional Selective Assistance (RSA) scheme. This support was, until 30 September 2009, delivered under the powers in Section 7. However, with effect from 1 October 2009 a new Scottish Enterprise RSA scheme was introduced which delivers regional support under Section 8 of the Enterprise and New Towns (Scotland) Act 1990. Eligibility for support under this scheme uses the same criteria as the earlier comparable Section 7 RSA scheme. The exercise by the First Minister of Scotland of powers under the Enterprise and New Towns (Scotland) Act does not form part of this Report.

## **Section 7 Support in Wales**

8. Regional support in Wales was provided under the Repayable Business Finance Scheme. For the period 1 April 2015 to 31 March 2016 applications greater than £1 million were considered under Section 7 while other applications were considered under the powers contained in Section 1 of the Welsh Development Agency Act 1975. The use of the powers in the 1975 Act does not form part of this Report.

9. During the year, 6 offers greater than £1 million under the Repayable Business Finance Scheme were accepted. These offers totalled £19 million and were in respect of projects having total eligible costs of nearly £52 million and forecast to create 1,275 new jobs and safeguard a further 288 jobs, at an average cost per job of £12,156.

## **Section 7 Support in England**

10. Assistance under section 7 was provided in England in 2015/2016 via the Regional Growth Fund (RGF). RGF used section 7 as one of a range of powers for providing support for rebalancing the economy and promoting growth. The Fund is covered below (paragraphs 101-104).

11. In previous years, section 7 was also used by the Grant for Business Investment (GBI) scheme, the English national scheme of regional assistance. GBI was launched in October 2008 to replace the previous scheme, Selective Finance for Investment in England (SFIE) and was mainly delivered by the Regional Development Agencies (RDAs).

12. Following the decision to close the RDAs, the scope of the GBI scheme was limited in 2011 to large cases on an exceptional basis. Large cases were defined as those in which the amount of grant sought was £2 million or more, while only projects that demonstrated either that they mitigated or avoided significant local labour market shocks or that they addressed a significant market failure were eligible for support.

13. The GBI scheme was notified to the Commission in accordance with the Block Exemption Regulation (Regulation (EC) 800/2008). Following the replacement of that Regulation with effect from 1 July 2014 the scheme was not re-notified and is thus currently not in force.

14. Following the closure of the RDAs all activities relating to the administration of the GBI scheme using section 7 of the Act were transferred to the Department for Business, Skills and Innovation in September 2011. These relate to monitoring existing projects, assessing claims and making payments to businesses and conducting post-completion monitoring on closed cases. At the end of March 2016, there were no longer any live projects being administered in this way under section 7.

15. In addition to large exceptional cases, the GBI scheme was, from October 2010, open to applications to a £60 million fund established by the Department of Energy and Climate Change (DECC) to support the development of offshore wind manufacturing at coastal locations in the Assisted Areas in England. At the end of March 2016, there was one live project.

## **Hatfield Colliery**

16. A direction was provided by the Secretary of State for Business, Innovation and Skills in January 2015 noting the £8m commercial loan was unlikely to provide value for money. Subsequently a state aid notification was made seeking up to £20m of aid to assist in the managed closure programme for Hatfield. This was approved in March 2015. The direction was re-affirmed by the new Government in May 2015.

17. A new £20m loan document was signed on 15 May 2015 and the initial drawdown of £10.75m refinanced the £8m loan from December plus accrued interest. At the end of June 2015, due to management being unable to source new coal contracts to ensure financial viability, the mine ceased being operational.

18. The company filed for liquidation on 30 June 2015 and the request was granted by the courts in late August 2015. The Government agreed that up to the maximum £20m state aid support could be used to assist in closure costs of the mine up to the point of the liquidation being finalised.

19. At the point of liquidation the total amount outstanding was £18,767,808. Interest ceased being charged once Hatfield entered liquidation. The official receiver (who is acting as liquidator) has forecast that BIS (as a secured creditor) will receive circa £200,000 after costs.

## **Assistance Under Section 8**

20. Section 8 of the 1982 Act provides for financial assistance to business to be given to businesses outside the Assisted Areas.

### **Section 8 Financial Limit**

21. Section 8(5) of the 1982 Act initially limited the sums that could be paid, and the liabilities that could be given under any guarantees by the Secretary of State under section 8 to £1,900 million and provided that the limit could be increased by Statutory Instrument on not more than four occasions by tranches of up to £200 million each. This limit has since been increased by two further acts, the Industrial Development (Financial Assistance) Act 2003 and the Industry and Exports (Financial Support) Act 2009. It currently stands at £12,000 million, though the Secretary of State has the power to increase it by Statutory Instrument on four occasions by up to £1,000 million each time.

22. As at 31 March 2016 the total accumulated expenditure under section 8 amounted to £2.971 million. This includes expenditure of £366.8 million incurred during 2015/2016. The liabilities given under guarantees by the Secretary of State under section 8 stood at £196.5 million at 31 March 2016.

### **Section 8 Schemes – General**

23. Assistance to business development continued to be given under a number of measures under section 8 during the year.

24. Table 1 provides a detailed breakdown of the schemes of support that rely on section 8, including those that provide assistance in the form of a loan or a loan guarantee. Further detail on each scheme is set out below (paragraphs 33 to 104).

25. Table 1 sets out in the final column the total financial commitment made to each scheme. Some schemes have no ceiling; these have been starred (\*). In these cases the figure given indicates the total contractual commitment under the awards of assistance that have been made. The first and second columns list the total amounts paid in 2015/2016 and the accumulated total paid to date under each scheme. The third and fourth columns respectively list the guarantees given over 2015/2016 and the total accumulated guarantees as they stood at 31 March 2016 respectively. Schemes that are closed for new applications are included in the Table where there is expenditure still being made or guarantees or liabilities outstanding against them. Schemes are divided by the type of support they provide:

- Grant schemes: i.e. those where a payment is made which will not need to be repaid as long as certain conditions are met;
- Schemes under which guarantees, including contingent liabilities, are provided, i.e. promises by the Secretary of State to make a payment if a certain set of conditions occur;
- Schemes under which equity-type investments are made by the Department. Such investments remain as an asset on the Department's books with the asset being realised at the end of the scheme; and
- Other section 8 schemes.

26. As the main purpose of Table 1 is to measure section 8 expenditure and liabilities against the statutory limit set out in paragraph 18 above, it does not record income such as returns arising from equity investments, apart from sums received by way of the repayment of loans or the repayment of principal sums paid to meet a guarantee.

**Table 1: Summary of Section 8 Support**

	<b>Scheme</b>	<b>Expenditure for financial year 2015/16 £k</b>	<b>Accumulated Expenditure up to 31/03/16 £k</b>	<b>Guarantees for financial year 2015/16 £k</b>	<b>Accumulated Guarantees for financial year 2015/16 £k</b>	<b>Total Commitment £k</b>
<b>Grants</b>	Regional Growth Fund	77	557,087	-	-	3,200,000
	Vehicle Scrappage Scheme (Closed)	-	380,252	-	-	400,000
	Support for City Deals (Waves 1 & 2)	1,830	8,789	-	-	14,830
	GrowthAccelerator	54,341	232,201	-	-	232,201
	NSARE – National Skills Academy for RailTraction and Rolling Stock Training Academy	1,714	3,500	-	-	3,500
	Compensation for the indirect costs of the EU Emissions Trading System and the Carbon Price Support Mechanism	80,600	165,190	-	-	165,190
	Compensation of Energy Intensive Industries (EIIs) for the indirect costs of the Renewables Obligation and Feed in Tariff	12,185	12,185			371,000*
	Building Information Modelling (Closed)	1,161	5,503	-	-	5,503
	techUK – Cyber Connect UK	54	108	-	-	108
	Key IQ Ltd – Cluster Development	11	31	-	-	39
	Business Focus on Enforcement	-	11	-	-	11
	Enterprise Funds: Small Firms Loan Guarantee (Closed)	670	993,454	-	8,325	1,001,779
	Enterprise Finance Guarantee Scheme	11,687	128,948	32,288	188,271	317,219

	Scheme	Expenditure for financial year 2015/16 £k	Accumulated Expenditure up to 31/03/16 £k	Guarantees for financial year 2015/16 £k	Accumulated Guarantees for financial year 2015/16 £k	Total Commitment £k
Guarantees and Contingent Liabilities	Automotive Assistance Programme (Closed)	-	-	-	-	1,586,000
	Enterprise Fund: Early Growth Funds (Closed)	-	30,609	-	-	31,520
	Digital Regions Ltd (Closed)	-	22,599	-	-	51,000
Equity Investments	Start Up Loan Scheme	38	210,000	-	-	380,000
Other	UK Coal (Loan)	10,000	14,000	-	-	14,000
	Growth Vouchers (Closed)	6,384	17,124	-	-	30,000
	Business Finance Partnership (small business tranche) – Peer-to-Peer Investments	-	20,350	-	-	30,000
	Business Bank Investment Programme – excluding Peer-to-Peer Investments**	6,250	30,000	-	-	50,000
<b>Totals</b>		<b>366,822</b>	<b>2,970,971</b>	<b>32,288</b>	<b>196,596</b>	<b>7,922,850</b>
* See Appendix 6.						
** These programmes transferred onto the British Business Bank PLC balance sheet as of 1 November 2015, from which date they started using Banking Act powers, and so data is up to 31 October 2015 only.						

## Section 8 Resolutions

27. Under the terms of section 8, during 2015/16 the Secretary of State could pay, or undertake to pay, by way of financial assistance an amount in excess of £10 million in respect of any one project before a resolution of the House of Commons is required. Ministers may subsequently proceed and subsequently lay a statement concerning the financial assistance before both Houses of Parliament. During 2015/2016 one such resolution was obtained. This is listed at **Appendix 6**.

## Section 8 Support in Scotland

28. On 1 January 2007, the Scottish Executive introduced a new tier of Regional Selective Assistance (“Tier 3”) for small and medium-sized enterprises (SMEs). Operating under Section 8 of the Act and the EC Block Exemption Regulation for SMEs, it was available across all of Scotland outside the Assisted Areas (“Tier 1” and “Tier 2”). It was a discretionary grant and operated along the same lines as RSA.

29. With effect from 1 October 2009 the Scottish Government replaced this scheme with an equivalent scheme under Section 8 of the Enterprise and New Towns (Scotland) Act 1990. There have therefore been no Industrial Development Act Section 8 applications or offers in 2015/2016.

## **Section 8 Support in Wales**

30. No applications for section 8 support were received, offers accepted or payments made against existing offers in the non-Assisted Areas of Wales during 2015/2016.

## **Section 8 Support in England<sup>2</sup>**

31. Financial support is provided under section 8 by means of a number of separate schemes. Some schemes have closed for new applications but continue to make payments in respect of existing projects. Detail on each of these schemes is set out below.

## **Section 8 Schemes Open to New Applications in 2015/2016**

32. This section of the Report is structured as follows:

- Section 8 schemes operated by the British Business Bank;
- Support for local growth using section 8; and
- Other current section 8 schemes and miscellaneous section 8 awards.

## **Section 8 Schemes Operated by the British Business Bank**

33. The British Business Bank (BBB) was established by the Government with the overarching goal to change the structure of the business finance markets for smaller businesses, so these markets work more effectively and dynamically.

34. BBB received European Commission State Aid clearance in October 2014 and became an operationally independent, government-owned PLC on 1 November 2014. It manages all of Government's business finance support (lending and investment programmes) for smaller businesses within a single commercially-minded institution. BBB does not finance businesses directly, instead providing funds and guarantees to private sector partners, allowing them to provide more finance to smaller businesses.

35. BBB PLC has three subsidiaries:

- British Business Bank Investments Ltd, or "BBBIL", is the fully-commercial subsidiary of the British Business Bank PLC.
- British Business Finance Ltd, or "BBFL", manages British Business Bank programmes that have an element of State Aid.
- British Business Financial Services Ltd, or "Service Co", carries out services on behalf of Government.

36. Funding for the British Business Bank PLC is provided by the Secretary of State for Business, Energy and Industrial Strategy, with the consent of the Treasury, under section 228 of the Banking Act 2009. As was noted in the Industrial Development Act Report for the period ending March 2015, as of 1 November 2014, many BBB programmes were transferred to BBBIL or BBFL and have since been managed on the Group's balance sheet. Further programmes were transferred to the BBB's balance sheet during this past year.

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<sup>2</sup> While support for business is a devolved matter, some section 8 schemes, particularly older schemes, cover the UK. These are covered in this section of the Report for convenience.

37. There are still a few BBB programmes that remain on the BIS balance sheet for commercial and legal reasons, but are managed from Service Co. Some of these programmes continue to use section 8 powers. This is outlined below in more detail. Over the coming year, it is expected that more programmes will transfer from Service Co to the Group balance sheet.

#### *Business Finance Partnership (small business tranche)*

38. The Business Finance Partnership (small business tranche) aims to increase the volume and diversity of finance available for UK smaller businesses by supporting the development of sustainable non-bank finance markets that are attractive to businesses and investors alike. It addresses long-standing gaps in the finance market for smaller business and promotes greater choice in their supply of lending.

39. The small business tranche has supported a range of non-bank lenders, such as peer-to-peer lending platforms, invoice finance platforms and asset-finance providers, making investments alongside private sector matched funding.

40. While delivery partners continue to lend to smaller businesses under the Business Finance Partnership, the programme itself is now closed to new applications.

41. There were no new investments in 2015/2016 using section 8 powers.

#### *British Business Bank's Investment Programme*

42. Following the success of the now fully committed Business Finance Partnership programme (above), the British Business Bank's Investment Programme was launched in April 2013 with greater flexibility in the funding it can provide. It also addresses long-standing gaps in the finance market for smaller business and promotes greater choice in their supply of lending by making commercial investments that stimulate at least the same amount of investment from the private sector, encouraging new lenders in to the market and the growth of smaller lenders.

43. Initially allocated £300 million, in August 2014 the Chancellor of the exchequer announced that the Programme was being extended by a further £100 million. As with the Business Finance Partnership small tranche, investments made via this Programme were transferred to the British Business Bank PLC balance sheet as of 1 November 2014, with the exception of its investments via peer-to-peer (P2P) lending platforms. The Investment Programme's P2P investments remained on BIS's balance sheet and continued to make use of section 8 powers until they were transferred to the British Business Bank PLC balance sheet in 1 November 2015. Investment Programme expenditure under section 8 totalled £6.25m in 2015/2016.

#### *Enterprise Finance Guarantee*

44. The Enterprise Finance Guarantee (EFG) scheme is a loan guarantee scheme. BIS provides a partial guarantee to lenders to facilitate additional lending to viable smaller businesses lacking adequate collateral for a normal commercial facility. EFG may be used to facilitate loans, overdrafts and invoice finance for working capital and investment. It is available to businesses throughout the United Kingdom with an annual turnover of up to £41 million seeking credit of between £1,000 and £1.2 million (increased from £1 million after 2013/2014), repayable over a period of 3 months to 10 years.

45. The Government provides the lender with a 75% guarantee on each loan, up to a maximum of 20% of the lender's EFG portfolio defaulting, which results in a maximum claim limit of 15% of each lender's total annual EFG lending (the maximum portfolio default level was raised from 13% to 20% in 2012/2013 and has remained at this level since). The claim limit was introduced to ensure commercial rigour in the lending decision.

46. As at 31 March 2015, the outstanding loan book was £755 million, with 11,589 SMEs benefitting from an EFG-backed loan. The liability of BIS is capped at £188.271 million. At 31 March 2016, expenditure of £129 million had been defrayed under the scheme.

47. The EFG programme is managed by the British Business Bank but remains on BIS's balance sheet.

#### *Start-Up Loans Scheme*

48. The Start-Up Loans programme supports individuals looking to start a business, or those with a business trading for up to 12 months and who have potentially viable propositions but find it difficult to obtain finance from a high-street bank. The Programme offers a repayable loan of up to £25,000 over up to 5 years, combined with a business mentor to enable entrepreneurs to set up their business or become self-employed in UK.

49. On a day-to-day basis the Start-Up Loans programme is run by the Start-Up Loans Company, an independent business created specifically for the delivery of the programme. The Start-Up Loans Company contracts with over 60 localised delivery partners to deliver loans and mentorship.

50. The Start-Up Loans programme is managed by the British Business Bank but remains on BIS's balance sheet, continuing to use section 8 powers. As at 31 March 2016, 37,000 entrepreneurs had received loans from the programme worth a total of £210 million.

#### *Business Angel Co-Investment Fund*

51. The Business Angel Co-Investment Fund (CoFund) was established in 2011 with a £50 million investment through the Regional Growth Fund. The CoFund makes equity investments alongside syndicates of Business Angels (high-net worth individuals who invest in early-stage companies).

52. It invests in smaller businesses identified as having high growth potential and makes investments of between £100,000 and £1 million on a pari passu basis. The objectives of the CoFund go wider than simply making investments, it is structured to encourage syndication of angel networks and properly structured, well researched investment.

53. As of 31 March 2016, the CoFund was supporting 61 small businesses with over £143 million of finance facilitated.

54. The British Business Bank has oversight over the CoFund, but it remains on BIS's balance sheet, continuing to use section 8 powers.

## **Support for Local Growth Using Section 8**

#### *Support for City Deals*

55. On 5 July 2012 the Government announced the devolution of new powers to England's largest cities in a series of unique deals that will help them invest in growth, improve local workers' skills and create jobs, support local businesses, control budgets and improve critical infrastructure.

56. City Deals are a mechanism to achieve this aspiration by giving England's cities new powers and freedoms. 'City Deals' are agreements between Government and a city that give that city the ability to take charge of and responsibility for decisions that affect their area, including helping businesses grow, creating economic growth and deciding how public money should be spent. Each deal is bespoke and reflects the different needs of individual places but every one aims to:

- give cities the powers and tools they need to drive local economic growth;
- unlock projects or initiatives that will boost their economies; and
- deliver a step change in the governance arrangements.

57. Government support for these deals uses a range of financial powers, depending on the nature of each deal. In some cases, use is being made of section 8.



### City Deals – First Wave

58. The cities being supported in the first wave are:

- Birmingham
- Bristol
- Leeds
- Liverpool
- Newcastle
- Nottingham
- Sheffield
- Manchester.

59. The cities listed above have estimated that they will deliver 175,000 jobs over the next 20 years and 37,000 new apprenticeships.

60. As set out in the 2013/14 report, BIS has agreed to provide support under section 8 of the Act for specific elements of the city deals with Nottingham, Liverpool and Bristol.

61. The total BIS commitment under section 8 for this support is £8.23 million. As at 31 March 2015 a total of £6.96 million had been paid.

### City Deals – Second Wave

62. On 29 October 2012, a second wave of City Deals was launched and areas invited to come forward with proposals along the lines of the deals agreed during the first wave.

63. The areas chosen were:

- Bournemouth
- Greater Brighton
- Cambridge
- Coventry & Warwickshire
- Greater Ipswich
- Hull & Humber
- Leicester & Leicestershire
- Middlesbrough and the Tees Valley
- Milton Keynes
- Greater Norwich
- Oxfordshire
- Plymouth and the South West Peninsula
- Portsmouth and Southampton
- Preston, South Ribble and Lancashire
- Thames Valley and Berkshire
- Southend
- Stoke and Staffordshire

- Swindon and Wiltshire
- Sunderland
- Wolverhampton and the Black Country
- Glasgow

64. By 31 March 2016, out of £6.6 million, BIS had paid £1.83 million of support under section 8 to the Stoke and Glasgow City Deals.

## **Other Current Section 8 Schemes and Miscellaneous Section 8 awards**

### *UK Coal*

65. In July 2015, the Government, on advice from the Industrial Development Advisory Board (IDAB), approved a £10m repayable grant in order to ensure the UK Coal managed closure plan could remain on track. This intervention required state aid approval which was forthcoming in July 2015. The £10m was drawn down in August 2015. There have been 3 £800k repayments of a former commercial loan facility of £4m provided in Sept-2014 leaving a balance of £1.6m to be repaid. Consequently the total exposure, without interest, at 31 March 2016 is £11.6m.

### *GrowthAccelerator*

66. In December 2014 GrowthAccelerator became part of the wider Business Growth Service which brought together a broad range of expertise to help businesses to fulfil their growth potential.

67. Expenditure on GrowthAccelerator in 2015/2016 was £54.3 million. As part of the Spending Review the Government decided to wind down the Business Growth Service. The service closed as of 31 March 2016.

### *Growth Vouchers*

68. The £30 million Growth Vouchers programme was launched on 27 January 2014 and closed for applications on 31 March 2015. The England-wide programme aimed to test what strategic business advice works best to help small businesses grow. The programme used a series of Randomised Controlled Trials (RCTs) to collect empirical evidence on a variety of business support services to explore what role Government should play.

69. Under the programme, each business that received a Growth Voucher was offered a subsidy of 50% up to the value of £2,000 per business to help pay for external advice. The strategic business advice received from private sector suppliers covered the following areas:

- Raising finance and managing cash flow;
- Marketing, attracting and keeping customers;
- Making the most of digital technology;
- Improving leadership and management skills; and
- Recruiting and developing your staff.

70. Additional support was delivered to over 28,000 businesses in the form of online or face to face diagnostics to help firms identify what support they needed to grow their business. In total, over 20,000 vouchers were issued to help subsidise the cost of obtaining that advice from suppliers in the private sector. BIS paid over 6,400 voucher claims worth £11 million in 2014 to 2016. Expenditure from 2015/2016 on the programme was nearly £6.4 million.

71. The evaluations of programme delivery were published in February 2015. The first business survey results were published in February 2016 but the economic impact results from the RCTs will not be published until 2017 to ensure accurate growth data has been captured.

*Compensation for the Indirect Costs of the EU Emissions Trading System and the Carbon Price Support Mechanism<sup>3</sup>*

72. A scheme to compensate energy intensive industries for the indirect costs of the EU Emission Trading System (EU ETS) commenced in August 2013. A second element, providing relief from the Carbon Price Support mechanism (CPS), began in August 2014 and was paid with effect from March that year.

73. The objective of these schemes is to support the competitiveness of such companies based in the UK by reducing the impact of the EU ETS (a Europe-wide emissions reduction and trading scheme) and the CPS (a domestic levy on carbon) on the costs of electricity passed through in bills from energy suppliers.

74. The scheme requires applications from businesses to demonstrate that they are electricity intensive. During 2015/16 Government paid £806 million under the scheme to 58 businesses – £22.71 million in respect of EU ETS compensation, and £57.89 million in respect of CPS compensation.

75. The total compensation disbursed from the beginning of the scheme to 31 March 2016 under the scheme is £165.19 million to 60 different businesses.

*Compensation of Energy Intensive Industries (EIIs) for the Indirect Costs of the Renewables Obligation and Feed in Tariff*

76. A scheme to compensate energy intensive industries for the indirect costs of the Renewables Obligation (RO) and the Small Scale Feed in Tariff (FiT) commenced in January 2016.

77. The objective of these schemes is to support the competitiveness of such companies based in the UK by reducing the impact of the RO (a Europe-wide emissions reduction and trading scheme) and the FiT (a domestic levy on carbon) on the costs of electricity passed through in bills from energy suppliers.

78. The scheme requires applications from businesses to demonstrate that they are electricity intensive. During 2015/2016 Government paid £12.185 million under the scheme to 4 businesses.

*NSAR: National Skills Academy for Rail*

79. In July 2013 the Government offered the National Skills Academy for Railway Engineering (NSARE), now named the National Skills Academy for Rail (NSAR), a repayable grant of up to £3.5 million, representing 50% of the costs to construct a new traction and rolling stock training academy in conjunction with Siemens plc to meet identified training needs across this part of the rail sector. The funding has been provided jointly by BIS and the Department for Transport (DfT).

80. In December 2015 the repayable grant of £ 3.5 million had been completely drawn down. The college was opened and became operational in October 2015. The academy has attracted significant interest from businesses within the UK and abroad and is considered an important step forward in addressing the deficit of skilled workers within the rail engineering sector. The academy is generating income which will contribute to repayment of the grant on the achievement of agreed milestones.

*Building Information Modelling (BIM) – Construction Industry Council (CIC)*

81. During 2015/2016 BIS provided the Construction Industry Council (CIC) with a £1.161 million grant to assist the construction supply-chain to adopt Building Information Modelling (BIM). This is a modern digital tool which aims to improve the performance and competitiveness across all areas of construction and deliver better performing structures. The BIM grant programme was closed at the end of this report period.

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<sup>3</sup> Previously the compensation scheme for the indirect costs of the EU Emissions Trading System (EU ETS).

*techUK – Cyber Growth Partnership SME Growth Project (Cyber Connect UK)*

82. During 2015/2016 BIS provided techUK with the remaining £54,000 grant (£108,000 over a full 12 months, with £54,000 provided during 2014/2015) to support the development of a national cyber security business growth network for SMEs that will deliver against 10 core initiatives.

83. Under the grant, techUK has recruited a small business champion to lead on the 10 core initiatives under the Cyber Connect project. The forecast was to deliver 8 events by the end of the project. This target has been achieved. In addition, Cyber Connect UK coordinated a national competition linked to the Infosecurity Europe 2015 event that identified 11 innovative small cyber firms and featured them on a dedicated zone at the show. The feedback from the firms included an estimated £12,000,000 worth of business. The national mapping exercise of the UK cyber industry has been amalgamated with another project (CGP Exchange) and continues to develop.

*Key IQ Limited – Cyber Growth Partnership SME Growth Project (Cluster Development)*

84. During 2015/2016 BIS provided Key IQ Limited with a £10,828 grant (£31,084 over a full 12 months to conclude the project) to facilitate the creation of cyber security clusters across the UK and to support the clusters with their growth.

85. The cluster development is to build on the success of the Malvern cyber security cluster and replicates elements of this model throughout the country. Some 17 cyber clusters are now in operation across the UK, with the initiative helping to facilitate and/or support the growth in 14 of these under the UK Cyber Security Forum “umbrella”.

86. There are currently known cyber security clusters in: Bath; Cambridge; East Midlands; London; Malvern (Worcestershire, Herefordshire & Gloucestershire); North East (Tyne & Wear); Northern Ireland (Belfast); North Wales; North West (Lancaster); Oxford; Scotland (Edinburgh); Solent (Southampton); South East (Brighton); South Wales (Cardiff, Newport & Swansea); South West (Exeter); Thames Valley (Reading); and Yorkshire.

## **Section 8 Schemes No Longer Open to New Applications**

*Digital Region Ltd*

87. The DRL network closed in August 2014 and the company entered solvent liquidation in June 2015. It will be formally dissolved during 2016/2017 financial year.

*Enterprise Fund*

88. The Enterprise Fund was established following the publication of the Competitiveness White Paper (CM 4176) in December 1998, to ensure that entrepreneurs have access to appropriate forms of finance. The £180 million fund was created to provide both debt and equity finance to UK SMEs with growth potential. The main elements of assistance are outlined below.

*Small Firms Loan Guarantee*

89. The Small Firms Loan Guarantee (SFLG) scheme guaranteed loans on commercial terms to small firms with viable business proposals but which were unable to obtain conventional finance because they do not have the collateral required by the lender to secure the borrowing. By providing a Government-backed guarantee against default, the SFLG encouraged lenders to lend in cases where they would not otherwise do so. SFLG was replaced by the Enterprise Finance Guarantee (EFG) scheme with effect from 14 January 2009 (see paragraphs 44-47).

90. As at 31 March 2015, the outstanding value of the SFLG portfolio was £11.1 million and the liability to BIS was £8.3 million.

### *Early Growth Fund*

91. The Early Growth Fund (EGF) programme was established to encourage risk funding for start-ups and growth firms. The objective of the programme was to increase the availability of small amounts of risk capital (averaging around £100,000) for equity investment in innovative and knowledge intensive businesses, as well as for other growth businesses. As at 31 March 2016 the Early Growth Fund had drawn down £30.6 million from BIS.

### *Vehicle Scrappage Scheme*

92. The Vehicle Scrappage Scheme was announced in April 2009. The scheme aimed to provide a short term boost to the automotive industry and stimulate consumer demand in the face of falling sales. It also served to remove older vehicles from the road by encouraging consumers to invest in new, safer and potentially more environmentally friendly models.

93. Under the scheme, Government provided a £1,000 incentive, with matched funding from vehicle manufacturers (i.e. £2,000 in total), for consumers to replace a car that was at least 10 years old, or (from October 2009) a van that was at least 8 years old, with a brand new vehicle. In total, up to £400 million was allocated to the Scheme (£300 million when the scheme was announced and a further £100 million allocated in September 2009), sufficient to support up to 400,000 new vehicle sales.

94. The scheme was launched on 18 May 2009 and closed to new orders on 30 March 2010. Around 20% of all new cars registered in the UK during this period were supported by the scrappage scheme .

### *Automotive Assistance Programme*

95. The Automotive Assistance Programme (AAP) commenced on 27 February 2009. The programme was aimed at supporting up to £2.3 billion of investment in the UK automotive sector, through the provision of loan guarantees, or in exceptional cases, loans.

96. The AAP supported automotive companies affected by the recession and aimed to ensure continued investment by these companies in the development of cutting edge green technologies, contributing to CO2 reduction and the low carbon future of the industry. It also aided the advancement of research and development in UK vehicle manufacturing, and the creation and safeguarding of jobs.

97. The AAP provided a loan guarantee of £378 million to support a £450 million 5-year loan provided by the European Investment Bank (EIB) to Ford Motor Company Limited. The loan was fully drawn in September 2010 and repaid in full on 11 September 2015 in accordance with the terms of the loan agreement. BIS was discharged from its liabilities to the EIB on 30 November 2015.

## **The Regional Growth Fund**

98. The Regional Growth Fund (RGF) is a competitive fund which has operated across England since 2010. It has supported businesses of all sizes to grow in order to create jobs and rebalance the economy. It has facilitated sustainable growth and prosperity by supporting projects and programmes with significant potential for economic growth, private sector investment and sustainable private sector employment.

99. The RGF has operated across six open bidding rounds, and has also provided exceptional RGF support for time critical bids presenting an opportunity to secure internationally mobile investment or which address significant economic shocks. The RGF has invested over £2.5 billion over six rounds. Nearly £2.3 billion of RGF support has been paid out since 2011/12, which by March 2016, had secured £6.7 billion in private sector investment and 177,000 jobs had been created or safeguarded. By March 2016, the RGF had also supported 22,000 SMEs through nationally and locally run programmes, operated by a range of intermediary organisations, such as Local Enterprise Partnerships, universities and financial institutions.

100. The Fund uses both section 7 and section 8 as legal vires depending on the nature of project or programme of projects being supported and where they are located. In 2015/2016, £77m million was paid under section 8 and £60 million under section 7. The remainder was provided under the Science and Technology Act 1965, the Housing Grants, Construction and Regeneration Act 1996 and the Banking Act 2009. Total RGF support is set out in more detail at Appendix 4.

101. Following the 2015 Spending Review no future rounds of the Fund are proposed.

## **Assistance Under Sections 11 and 12**

102. Section 11 of the 1982 Act allows the Secretary of State to make provision for giving advice to those carrying on, or proposing to carry on, a business. Section 12 enables the Secretary of State to give grants or loans to promote the practice of engineering, to encourage and improve links between industry and education and to encourage young persons and others to take up careers in industry or pursue appropriate educational courses. Under the terms of the 1982 Act the Secretary of State is required to report to Parliament on the exercise of his powers under section 11 on an annual basis. This section of the Annual Report also covers section 12 expenditure for the sake of completeness.

103. BIS used Section 11 of the Act to provide a total of £14 million of revenue grant funding to 38 Local Enterprise Partnerships (excluding London) in 2015/2016. Allocations were made via a competitive process and were awarded specifically for the giving of advice to business and to support the establishment and further development of growth hubs, which are aligned to the Government's ambition for business support (simplifying and coordinating business support in local areas and ensuring that national and local support offers are joined up for business).

104. BIS used section 11 of the Act to facilitate the distribution of £1,999,626.29 of legacy revenue funding from the former South East England Development Agency (SEEDA) to the eight Local Enterprise Partnerships that cover the original SEEDA geography (specifically the South East; Thames Valley Berkshire; South East Midlands; Coast to Capital; Solent; Buckinghamshire Thames Valley; Enterprise M3; and Oxfordshire). SEEDA's investments matured and were fully distributed by BIS in April 2015.

## **techUK – CGP Exchange**

105. During 2015/2016 DCMS provided techUK with a £105,000 grant to progress the development of the CGP Exchange. This project was initiated through the government / industry Cyber Growth Partnership. Industry had funded this initiative through to its initial launch in October 2015, and have continued to support the project with £30,000 in sponsorship plus industry resource to help progress.

106. The CGP Exchange provides an online focal point for cyber security businesses to engage, connect and collaborate and for non-cyber businesses to better understand cyber security and how to protect their business. It crowdsources opportunities, articles, events and initiatives about the sector from government, industry and academia, all in one place, and provides a shop window for cyber security companies to highlight their capability and to post their own information. Included is an interactive cyber map of UK cyber security businesses.

107. The site will facilitate communication between the cyber security sector and non-cyber firms that will help improve the cyber security resilience of SMEs and support growth and prosperity of the domestic sector. It will also help with the export agenda. To date, around 160 cyber security firms have registered on the site, with over 20,000 hits and 4,000 unique visits.

## UK Trade and Investment (UKTI)

108. In 2015/2016, UKTI used the powers in section 11 of the Act to fund the delivery of international trade services in the English regions to the provisional value of £30.01 million. Comparable figures in previous years are (in £ million):

**Table 2**

2008/2009	17.2
2009/2010	18.3
2010/2011	18.3
2011/2012	19.6
2012/2013	24.3
2013/2014	28.5
2014/2015	29.2

109. The funding was used to pay regional business support organisations in England to provide teams of specialist international trade advisers. There is a separate team in each English region and the advisers deliver UKTI support to businesses in their respective regions.

## UK Export Finance

110. UK Export Finance used the powers in section 11 of the Act to support the activities of its network of export finance advisers. UK Export Finance's advisers act as local points of contact to introduce exporters and UK businesses with export potential to finance providers, credit insurers, brokers, trade support bodies and sources of government support. In 2015/2016 the cost of supporting such activities in the English regions, Scotland, Wales and Northern Ireland amounted to £13,716.

## Overseas Business Networks Initiative (OBNI)

111. In 34 overseas markets UKTI has commercial relationships with delivery partners. Partners, many of whom are members of British Chambers of Commerce's Global Network, provide a variety of services to British exporters in these markets. Partners help UKTI's posts in the countries concerned to achieve their export targets. UKTI used the powers in section 11 of the Act to fund to the value of around £13 million in 2015/2016 for the development of the network and to provide business support services overseas.

## Business Support Helpline

112. The Business Support Helpline was launched in September 2011. It complements GOV.UK and GREAT and helps businesses find the right support at the right time through answering simple queries and sign-posting businesses to further sources of support. The total cost of the Helpline service in 2015/2016 was £2.3 million. This was defrayed using section 11 of the Act. During this period, the Helpline handled 35,770 inbound calls, 10,318 in-depth advisor sessions and 3,101 web chats and 4,777 emails (a new channel introduced in July 2015) from small businesses.

## Promoting Enterprise Culture

113. BIS provided funding in 2014/2015 under section 12 of the Act to support activities to raise awareness of, and ambition for, enterprise as an employment option and to improve awareness of and access to the support available to start a business. This included:

- £36,773 for the Entrepreneurs and Educations Programme to encourage more enterprising managers, teachers, students, graduates and researchers in schools; and
- £181,704 for the National Association of College and University Entrepreneurs, in addition to the £683,849 they received for the 2014/2015 financial year, to build a network of enterprise societies in Further and Higher Education.

114. The other strand of Government activity in this area is to encourage interactions between large businesses and small enterprises, for their mutual benefit. Enterprise Nation was provided with £12,000 to build and run the Business Exchange, to strengthen links between big business and small enterprises. Big businesses committed to open up their supply chains and provide support and opportunities to small businesses, and Enterprise Nation promoted these opportunities online and through a series of events.

## **Assistance Under Section 13**

### **Improvement of Basic Services**

115. Section 13 allows the Minister in charge of any Government department to make grants or loans where adequate provision has not been made for the needs of any Assisted Area in respect of a basic service for which that department is responsible. Basic service means the provision of facilities for transport (whether by road, rail, water or air), or of power, lighting, heating, water, sewerage, sewage disposal, or any service or facility on which the development of the area in question, and in particular of industrial undertakings therein, depends.

116. In 2015/2016 the Welsh Government did not approve any grant applications under section 13. There were no payments made in respect of completed projects.

117. Following a review by Ministers of Defra-funded schemes, from 1 September 2007 grants under section 13 towards the provision of water and sewerage infrastructure are no longer available.

118. In 2015/2016 DfT did not have a budget to offer assistance under section 13 and therefore did not accept any new grant applications. DfT now has no outstanding grant offers under section 13.

## **Assistance Under Section 14**

119. Section 14 of the Act gives the Secretary of State the power to provide, or facilitate the provision of, premises for businesses in Assisted Areas. There was no expenditure under this section in 2015/2016.

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

### **The Home Shipbuilding Credit Guarantee Scheme**

120. The Home Shipbuilding Credit Guarantee Scheme closed to new applications on 1 October 2004 (with 5 April 2005 being the final date for signature on guarantee contracts). The scheme guaranteed loans provided by commercial banks for the building, completion or alteration of ships, and mobile offshore installations. It allowed banks to provide ship-owners with loans at floating rates or fixed Commercial Interest Reference Rates for individual borrowing up to a maximum repayment period of 12 years. Loans were made in pounds sterling, US dollars, Euros or a combination of these currencies.

121. The Statement of Guarantees for the year to 31 March 2016 is as follows (2014/2015 figures in brackets):

**Table 3**

	<b>No. of Guarantees</b>	<b>Amount of Principal Guaranteed (£)</b>
Guarantees offered in 2015/2016	0 (0)	0 (0)
Repayments in year 2015/2016	1 (0)	0 (0)
Guarantees current on 31 March 2016	1 (2)	635,000 (913,122.50)



## **Reports of the Industrial Advisory Boards**

### **Welsh Industrial Development Advisory Board (WIDAB)**

*Report by the Chair of the Welsh Industrial Development Advisory Board*

122. The Welsh Industrial Development Advisory Board was set up under Section 13 of the Welsh Development Agency Act 1975 and continues to advise Welsh Ministers on applications for Repayable Business Finance, where the level of support requested is in excess of £1 million and is to be provided under Section 7 of the Act.

123. The Board met on 6 occasions during the year to consider 6 applications for financial support. The Board recommended that support of £36 million be offered to assist £201 million of eligible project costs which was expected to create 2,443 jobs and safeguard 288 jobs, at an average cost per job of £13,256.

124. I would like to thank members for all their support of the activities of the Board over the past year, their contribution is greatly appreciated.

**KERRY DIAMOND**  
**Chair, WIDAB**

### **Industrial Development Advisory Board (IDAB)**

125. IDAB is appointed under section 10 of the 1982 Act to advise the Secretary of State on the exercise of their functions under sections 7 and 8 of that Act. The main work of the Board is to advise on large business investment decisions being considered by Government or on new schemes of support being introduced under sections 7 and 8.

*Report by the Chairman of the Industrial Development Advisory Board*

126. The Board provides commercial and financial advice to Ministers and the Secretary of State on schemes and projects where public financial support is proposed to support job creation. Its members have commercial, financial and academic expertise which has been gained in specialist areas such as real estate, banking, publishing, legal and manufacturing in a variety of sectors in the UK and internationally. All Board members are independent and are unpaid. The Board's role is to challenge constructively and to advise on securing the best achievable value for money.

127. Over 2015/16 the Board met on 11 occasions, meeting monthly and holding additional sessions to deal with urgent cases. Most of our work concerned bids for support under the Regional Growth Fund (RGF). We have also advised on specific cases outside of RGF at the request of officials where it was felt that the skills and expertise of IDAB would improve decision making, often extending the Board's remit beyond its statutory responsibilities. Such cases have covered issues such as the UK steel industry, elements of the UK Space Strategy and major Aerospace investments.

128. In providing advice, IDAB has developed and refined a systematic and well tested methodology for evaluating value for money, i.e. the cost and returns of government financial assistance to industry as well ensuring maximum additional benefits are secured such as the value of employment and spillover benefits of research and development, supply chain development and training against the cost to government of supporting a project. Analysis takes into account risks and factors such as the probability that an applicant would proceed with a project in whole or in part in any event or that public support is appropriate in meeting a genuine funding gap.

129. The advice of IDAB continues to evolve reflecting the changes and needs in the economy. Our focus continues to be on achieving ever better Benefit Cost Ratios and increased productivity. Under the Terms of Reference agreed with Ministers in early 2013 the agreed normal practice is that if IDAB advice is not followed that would be cause for a Ministerial direction to be sought. The Board has the power under the 1982 Act to notify Parliament if its advice has not been followed.

130. Under the Terms of Reference the Board has evaluated key RGF cases that have come through a normal bidding round – cases seeking aid of £10 million or more, or those on which the Department would like to have our views. In addition IDAB has considered all applications seeking £2 million or more under the “exceptional” RGF arrangements introduced in 2012/13 to allow Ministers the option of using RGF funding to respond quickly on an exceptional basis to economic shocks and opportunities outside of the normal bidding process.

131. Set out below is a table of cases considered by IDAB by type.

<b>Scheme</b>	<b>Number of cases put before IDAB</b>
RGF & eRGF	15
Other cases	10
Total	25

132. The key aim of the Board is that its commercial and financial advice is rigorously independent and ensured that public funds are used only when needed and in the most effective ways. The Board advised against providing support to an applicant in four of the eighteen proposals it considered that were seeking funding. Commercial advice was provided to the remaining seven cases seeking expert and advice and guidance on a variety of existing and future potential investments. Some cases came to the Board on more than one occasion before it was able to reach a final decision.

133. With the number of RGF and eRGF cases coming to the Board now greatly reduced the Board will continue to play a valuable role in supporting Government when making significant and complex commercial decisions and investments, just as it has done in the many years prior to RGF. In this context IDAB will continue to evolve to reflect the ever changing demands placed upon Government in responding to the needs of the economy.

134. During 2015-2016, appointments to the board were made by the Secretary of State for Business, Innovation and Skills. The process for making new appointments also includes the Board and as chairman I chair the appointment process, supported by the Secretary to IDAB. Three new members, John Drake, Mark Bryant and Kevin Taylor have been appointed during the year and another recruitment round will commence shortly. Our aim continues to be to ensure a broad mix of skills and diversity in the Board.

135. During the year two members – Philip Sturrock and Chris Higson – retired from the Board. We were very grateful for their valuable and long standing contributions they have made during their membership.

136. I am grateful to all the members for the significant time and effort they have devoted to the work of the Board over the past year, especially given that the role they undertake is an unpaid one. I would also like to thank the officials that have prepared detailed and factual information for all of the cases where IDAB has scrutinised and challenged a wide variety of different proposals.

137. This is my final report as Chair as my second term of office concludes later in 2016. I can note with confidence that IDAB is used more widely and more deeply across Government than it has been, I believe, at any time since its first coming into being in 1972.

138. It is useful because of its constancy in delivering carefully thought through, independent and on occasions tough advice. I am confident that it will continue to adapt to the changing circumstances of Government and be of real public benefit long into the future.

**PAUL MULLINS**  
**Chairman**

139. A list of IDAB and WIDAB members as at 31st March 2016 can be found at **Appendix 5**.

## APPENDIX 1

### Sections 11 and 15 of the Industrial Development Act 1982

#### *Section 11*

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

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

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

#### *Section 15*

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

- a) under parts I 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 1, 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 him/her 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

**Statistics relating to the Regional Selective Assistance and Single Investment Funds Schemes**

TABLE 1 RSA SCHEME AND SINGLE INVESTMENT FUND<sup>(1)</sup> – PROJECT GRANTS BY ASSISTED AREAS  
CUMULATIVE APPLICATIONS RECEIVED IN SCOTLAND AND WALES FROM 1 APRIL 2006 to 31 MARCH 2016

<i>Country:</i>	<i>Cumulative Applications Received</i> <i>01.04.05 to 31.03.15</i>	
	<i>No.</i>	<i>Value</i> <i>(£000)</i>
<b>Scotland<sup>(2)</sup></b>		
Development Area	-	-
Intermediate Area	-	-
Tier 1	-	-
Tier 2	564	500,636
<b>Total</b>	<b>564</b>	<b>500,636</b>
<b>Wales</b>		
Development Area	-	-
Intermediate Area	-	-
Tier 1	372	262,868
Tier 2	84	94,511
<b>Total</b>	<b>456</b>	<b>357,379</b>
<b>Total:</b>		
Development Area	0	0
Intermediate Area	0	0
Tier 1	372	262,868
Tier 2	648	595,147
<b>Total</b>	<b>1,020</b>	<b>858,015</b>

<sup>(1)</sup> Welsh figures incorporate data from the Single Investment Fund Scheme. Scheme closed 31 August 2010.

<sup>(2)</sup> Scottish figures incorporate data for the Invest for Growth Scheme.

TABLE 2 RSA SCHEME AND SINGLE INVESTMENT FUND<sup>(1)</sup> – PROJECT GRANTS BY ASSISTED AREA  
PAYMENTS FROM 1 APRIL 2015 TO 31 MARCH 2016  
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006<sup>(2)</sup>  
TO 31 MARCH 2016

Country	Payments 1.4.15 to 31.3.16 (£000)	Cumulative Offers Accepted 1.4.05 to 31.3.15					Payments 1.4.06 to 31.3.16 <sup>(4)</sup> (£000)
		No.	Value (£000)	Associated Project Costs (£000)	Forecast Employment <sup>(3)</sup> New	Safe- guarded	
<b>Great Britain:</b>							
Development Area	0	-	-	-	-	-	0
Intermediate Area	0	-	-	-	-	-	0
Tier 1	1,630	341	221,915	771,031	12,791	7,909	226,694
Tier 2	2,861	523	326,431	2,402,653	22,896	15,746	318,598
<b>Total</b>	<b>4,491</b>	<b>864</b>	<b>548,346</b>	<b>3,173,684</b>	<b>35,687</b>	<b>23,655</b>	<b>545,292</b>
<b>Scotland:</b> <sup>(6)(7)</sup>							
Development Area	-	-	-	-	-	-	-
Intermediate Area	-	-	-	-	-	-	-
Tier 1	-	-	-	-	-	-	-
Tier 2	1,415	438	245,003	1,505,190	17,519	11,101	218,263
<b>Total</b>	<b>1,415</b>	<b>438</b>	<b>245,003</b>	<b>1,505,190</b>	<b>17,519</b>	<b>11,101</b>	<b>218,263</b>
<b>Wales:</b>							
Development Area	-	-	-	-	-	-	-
Intermediate Area	-	-	-	-	-	-	-
Tier 1	1,630	341	221,915	771,031	12,791	7,909	226,694
Tier 2	1,446	85	81,428	897,463	5,377	4,645	100,335
<b>Total</b>	<b>3,076</b>	<b>426</b>	<b>303,343</b>	<b>1,668,494</b>	<b>18,168</b>	<b>12,554</b>	<b>327,029</b>
<b>England:</b> <sup>(5)(8)</sup>							
Development Area	-	-	-	-	-	-	-
Intermediate Area	-	-	-	-	-	-	-
Tier 1	-	-	-	-	-	-	-
Tier 2	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>(1)</sup> Welsh Figures incorporate data from the Single Investment Fund Scheme.

<sup>(2)</sup> Information prior to 2005-15 can be obtained from earlier Annual Reports of the Industrial Development Act.

<sup>(3)</sup> Forecast employment figures are based on company forecasts for the project at the time of the offer.

<sup>(4)</sup> Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.

<sup>(5)</sup> Tier 1 and 2 Areas effective from 1 January 2000.

<sup>(6)</sup> Scottish figures incorporate data for the Invest For Growth Scheme.

<sup>(7)</sup> Scottish figures no longer available split by DAs and IAs due to changes in data collection.

<sup>(8)</sup> English data refers to offers accepted on applications received before the scheme closure in England on 31 March 2004.

TABLE 3 RSA SCHEME AND SINGLE INVESTMENT FUND<sup>(1)</sup> – PROJECT GRANTS IN GREAT BRITAIN<sup>(2)</sup> BY TYPE OF INDUSTRY CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006<sup>(3)</sup> TO 31 MARCH 2016

<i>Standard Industrial Classification (SIC) 2003</i>		<i>Cumulative Offers Accepted 1.4.06 to 31.3.16</i>					<i>Payments 1.4.06 to 31.3.16<sup>(5)</sup> (£000)</i>
		<i>No.</i>	<i>Value (£000)</i>	<i>Associated Project Costs (£000)</i>	<i>Forecast Employment<sup>(4)</sup></i>		
<i>Class/Description</i>					<i>New</i>	<i>Safeguarded</i>	
01-05	Agriculture, hunting, forestry and fishing	2	301	764	12	0	642
10-14	Mining & Quarrying	3	703	1,929	10	115	442
15-37	Manufacturing:						
15-16	Food, beverages & tobacco	43	22,400	78,096	966	1,472	35,889
17-19	Textiles, clothing, leather & footwear	15	2,189	10,435	120	342	2,383
20-22	Wood, paper, printing & publishing	65	42,822	241,353	2,358	1,514	48,227
23-25	Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	79	86,072	465,151	2,757	3,883	70,892
26	Non-metallic mineral products	17	5,818	69,279	155	592	7,663
27-28	Metals & fabricated metal products	95	39,120	138,615	1,775	2,070	32,319
29	Machinery & equipment nes	48	15,872	56,113	628	1,347	21,476
30-33	Electrical & optical equipment	86	58,409	411,325	3,363	1,899	43,444
34-35	Transport equipment	45	60,469	565,999	1,303	4,946	92,837
36-37	Other manufacturing	38	23,983	112,975	1,149	856	18,716
40-41	Electricity, gas & water supply	3	10,305	214,171	69	517	9,568
45	Construction	21	7,572	75,005	357	276	7,250
50-52	Wholesale & retail trade, repairs	27	7,137	26,492	701	378	13,824
55	Hotels & restaurants	2	7,452	47,488	430	0	7,923
60-64	Transport, storage & communication	28	15,273	53,364	2,637	863	16,694
65-67	Financial intermediation	32	40,396	116,847	5,695	323	38,855
70-74	Real estate, renting & business activities	185	86,507	372,078	9,668	1,452	68,842
75-99	Other Services	30	15,545	116,204	1,537	813	7,405
Total		864	548,345	3,173,683	35,690	23,658	545,291

<sup>(1)</sup> Welsh Figures incorporate data from the Single Investment Fund Scheme.

<sup>(2)</sup> English data relates to offers accepted of applications received before the scheme closure in England on 31 March 2004.

<sup>(3)</sup> Information on closed schemes and on Project Grants prior to 2006-16 can be obtained from earlier Annual Reports of the Industrial Development Act.

<sup>(4)</sup> Forecast employment figures are based on company forecasts for the project at the time of offer.

<sup>(5)</sup> Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.

TABLE 4 RSA AND SINGLE INVESTMENT FUND<sup>(1)</sup> SCHEME – PROJECT GRANTS BY COUNTRY APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 2012-13 TO 2015-16

Country:	Financial year of application, acceptance or payment	Applications		Offers Accepted <sup>(2)</sup>		Associated Project Costs (£000)	Forecast Employment <sup>(3)</sup>		Payments <sup>(4)</sup> (£000)
		No.	Value (£000)	No.	Value (£000)		New	Safeguarded	
<b>Great Britain:</b>	2012-13	0	0	0	0	0	0	0	27,393
	2013-14	0	0	0	0	0	0	0	21,499
	2014-15	0	0	1	1,191	5,956	0	25	13,699
	2015-16	0	0	0	0	0	0	0	4,491
<b>Scotland:</b>	2012-13	0	0	0	0	0	0	0	8,255
	2013-14	-	-	-	-	-	-	-	5,213
	2014-15	1	1,191	1	1,191	5,956	0	25	7,045
	2015-16	-	-	-	-	-	-	-	1,415
<b>Wales:</b>	2012-13	0	0	0	0	0	0	0	19,138
	2013-14	0	0	0	0	0	0	0	16,286
	2014-15	0	0	0	0	0	0	0	6,654
	2015-16	0	0	0	0	0	0	0	3,076
<b>England:<sup>(5)</sup></b>	2012-13	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-
	2014-15	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-

<sup>(1)</sup> Welsh figures incorporate data from the Single Investment Fund Scheme.

<sup>(2)</sup> 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.

<sup>(3)</sup> Forecast employment figures are based on company forecasts for the project at the time of offer.

<sup>(4)</sup> Payments made in period shown; includes payment on projects for which offer was accepted in an earlier year.

<sup>(5)</sup> English data relates to offers accepted of applications received before the scheme closure in England on 31 March 2004.

TABLE 5 RSA AND SINGLE INVESTMENT FUND<sup>(1)</sup> SCHEME – PROJECT GRANTS BY UK AND FOREIGN OWNED COMPANIES  
 PAYMENTS FROM 1 APRIL 2015 TO 31 MARCH 2016  
 CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006 TO 31 MARCH 2016

<i>Country:</i>	<i>Payments 1.4.15 to 31.3.16 (£000)</i>	<i>Cumulative Offers Accepted 1.4.06 to 31.3.16</i>					<i>Payments 1.4.06 to 31.3.16<sup>(3)</sup> (£000)</i>
		<i>No.</i>	<i>Value (£000)</i>	<i>Associated Project Costs (£000)</i>	<i>Forecast Employment<sup>(2)</sup></i>		
					<i>New</i>	<i>Safe- guarded</i>	
<b>Great Britain:</b>							
UK Owned	681	693	319,123	1,885,030	22,688	14,394	238,597
Foreign Owned	3,810	171	229,223	1,288,653	12,999	9,262	306,696
<b>Total</b>	<b>4,491</b>	<b>864</b>	<b>548,346</b>	<b>3,173,683</b>	<b>35,687</b>	<b>23,656</b>	<b>545,293</b>
<b>Scotland:</b>							
UK Owned	385	326	132,083	809,527	10,087	5,648	94,291
Foreign Owned	1,030	112	112,920	695,662	7,432	5,454	123,973
<b>Total</b>	<b>1,415</b>	<b>438</b>	<b>245,003</b>	<b>1,505,189</b>	<b>17,519</b>	<b>11,102</b>	<b>218,264</b>
<b>Wales:</b>							
UK Owned	296	367	187,040	1,075,503	12,601	8,746	144,306
Foreign Owned	2,780	59	116,303	592,991	5,567	3,808	182,723
<b>Total</b>	<b>3,076</b>	<b>426</b>	<b>303,343</b>	<b>1,668,494</b>	<b>18,168</b>	<b>12,554</b>	<b>327,029</b>
<b>England:<sup>(4)</sup></b>							
UK Owned	-	-	-	-	-	-	-
Foreign Owned	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>(1)</sup> Welsh figures incorporates data from the Single Investment Fund Scheme.

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

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

<sup>(4)</sup> English data relates to offers accepted of applications received before the scheme closure in England on 31 March 2004.



## APPENDIX 3

### Statistics Relating to the Repayable Business Finance Scheme

TABLE 1 REPAYABLE BUSINESS FINANCE IN WALES<sup>(1)</sup>  
OFFERS ACCEPTED FROM 1 APRIL 2015 TO 31 MARCH 2016

<i>Country/Region</i>	<i>Offers Accepted 1.4.15 to 31.3.16</i>		<i>Associated Project Costs (£000)</i>
	<i>No.</i>	<i>Value (£000)</i>	
<b>Wales:</b>	6	19,000	51,911

<sup>(1)</sup> The Repayable Business Finance Scheme is a Welsh Government scheme.

## APPENDIX 4

### Statistics Relating to the Regional Growth Fund to 31 March 2015

#### Summary of all RGF finalised awards

<i>Number of finalised awards</i>	<i>Value (£m)</i>	<i>Payments under Section 7 in 2015/16 (£m)</i>	<i>Payments under Section 8 in 2015/16 (£m)</i>	<i>Number of payments made in respect of all awards</i>	<i>Total payments (£m)</i>
441	2,574	60	77	2,091	2,278

#### Summary of RGF awards by bidding round

<i>Round</i>	<i>Number of finalised awards</i>	<i>Value (£m)</i>	<i>Payments under Section 7 in 2015/16 (£m)</i>	<i>Payments under Section 8 in 2015/16 (£m)</i>	<i>Number of payments made (all years)</i>	<i>Total payments (all years £m)</i>
1 to 4	343	2,079	23	-	1,766	2,057
5	40	190	15	22	172	96
6	41	201	8	51	87	65
eRGF	17	104	14	4	66	60

#### Summary of RGF awards by region

<i>Region</i>	<i>Number Finalised awards</i>	<i>Value (£m) of finalised awards</i>
North West	82	418
North East	91	289
Yorkshire & the Humber	46	265
West Midlands	70	324
East Midlands	28	159
East of England	15	101
South East (including London)	32	152
South West	43	223
National	34	643

## APPENDIX 5

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

The names below represent the position at 31 March 2016.

#### Welsh Industrial Development Advisory Board

*Chair*

Ms K Diamond

*Chief Financial Officer, Zyte Group Ltd*

*Members*

Mr A Proctor

*Non-Executive Director, Department of Business Innovation & Skills, National Metrology Office*

Mr M Greenway OBE

*Senior Commercial Consultant*

Dr J Macpherson

*Independent Biotech Entrepreneur*

Dr R Hayward

*Aberystwyth University, and Rhian Hayward Consulting Ltd*

Mr M Macphail

*Retired Director of Engineering, Tata Steel Europe*

*Members*

Mr M Rhydderch-Roberts

*Retired Investment Banker*

Mr N Ashbridge

*Retired – previously Bank of England*

#### Industrial Development Advisory Board

*Chairman*

Mr Paul Mullins

*Chairman, Education and Training Foundation; member of AMSCI Investment Board; formerly a mergers and acquisitions adviser with Schroders, Citigroup, Bank of America and DC Advisory Partners*

*Members*

Mr Nigel Brooksby

*Chairman, Clinical Insights Ltd; Non-Executive Chairman, Prism Pharma Ltd; Director, Volution Immuno Pharma and Stabilitech Ltd*

Mr Hugh Brown

*UK Senior Advisor; Anchorage Capital; former Global Head, PwC Corporate Finance*

Ms Nicola Foulston

*Chairman, VV Capital*

Mr Christopher Kinsella

*Former Chief Executive, the Chartered Management Institute; former Chief Financial Officer, the Dyson Group plc, TI Automotive and the British Council; Board member, Sheffield Hallam University and SW Ambulance NHS Trust*

Mr Charles Lochrane

*Former Partner, Strutt & Parker; commercial surveyors*

Ms Sybella Stanley

*Director of Corporate Finance, Reed Elsevier Group plc*

Ms Gillian Wilmot

*Founder and CEO of Board Mentoring; Non-Executive Director, NISA Retail and Elexon*

Professor Vikas Shah

*Managing Director of Swiscot Group, visiting Professor of Entrepreneurship with MIT Sloan*

Mark Bryant

*A member of the senior management team at the Business Growth Fund*

John Drake

*Chief Commercial Counsel at Bird and Bird LLP*

Kevin Taylor

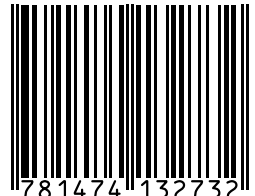
*Managing Director, BAE Systems Applied Intelligence*

## APPENDIX 6

### Resolutions Under Section 8, 2015/16

Date	Scheme	Amount
16 March 2016	Compensation of Energy Intensive Industries (EIIs) for the indirect costs of the Renewables Obligation and Feed-in Tariff (RO / FiT)	£371 million total

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