

Industrial Development Act 1982

Annual Report

by the Secretaries of State for Trade and Industry,
Scotland and Wales
for the year ended 31 March 1985

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

*Ordered by The House of Commons to be printed
25th July 1985*

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HER MAJESTY'S STATIONERY OFFICE

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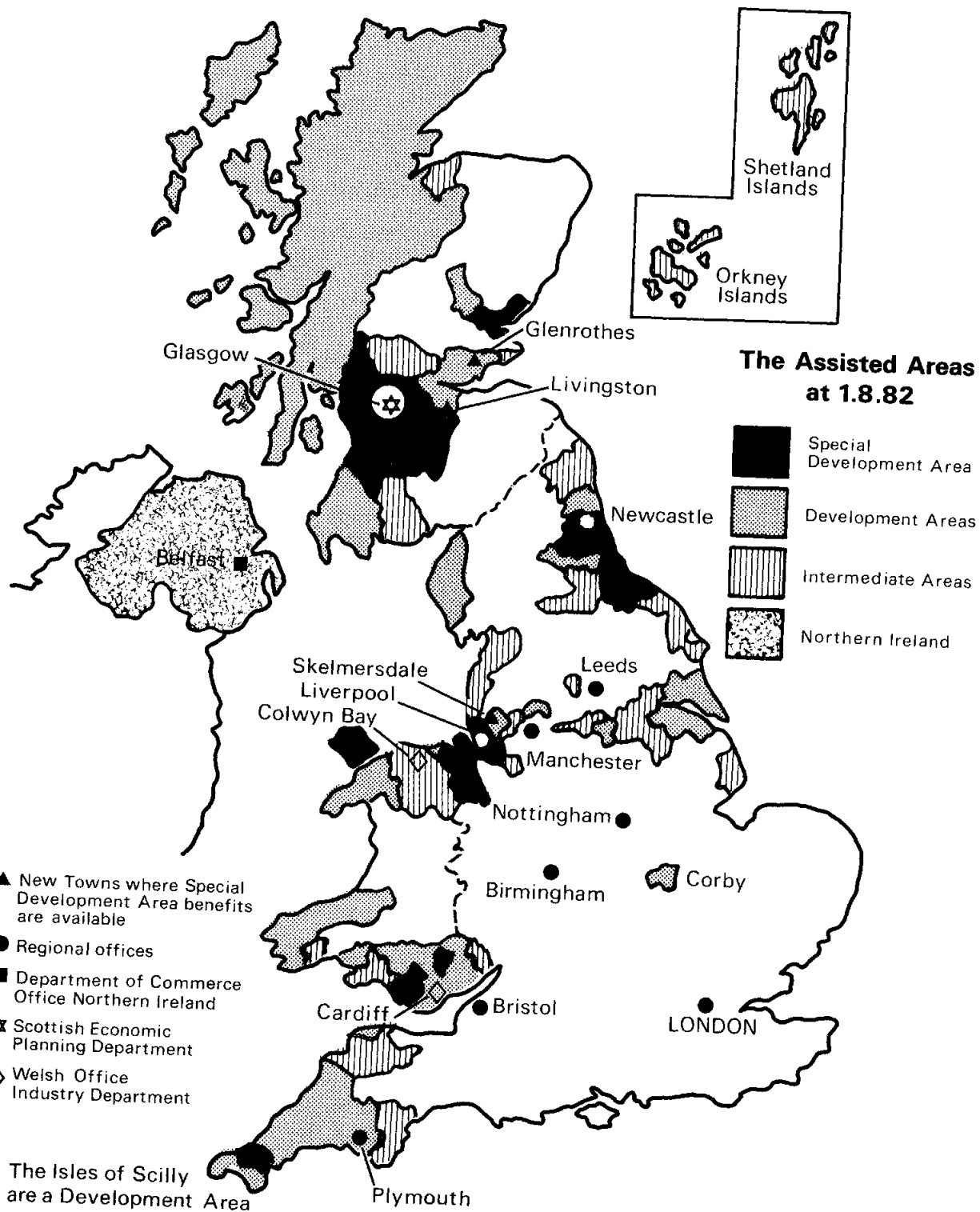
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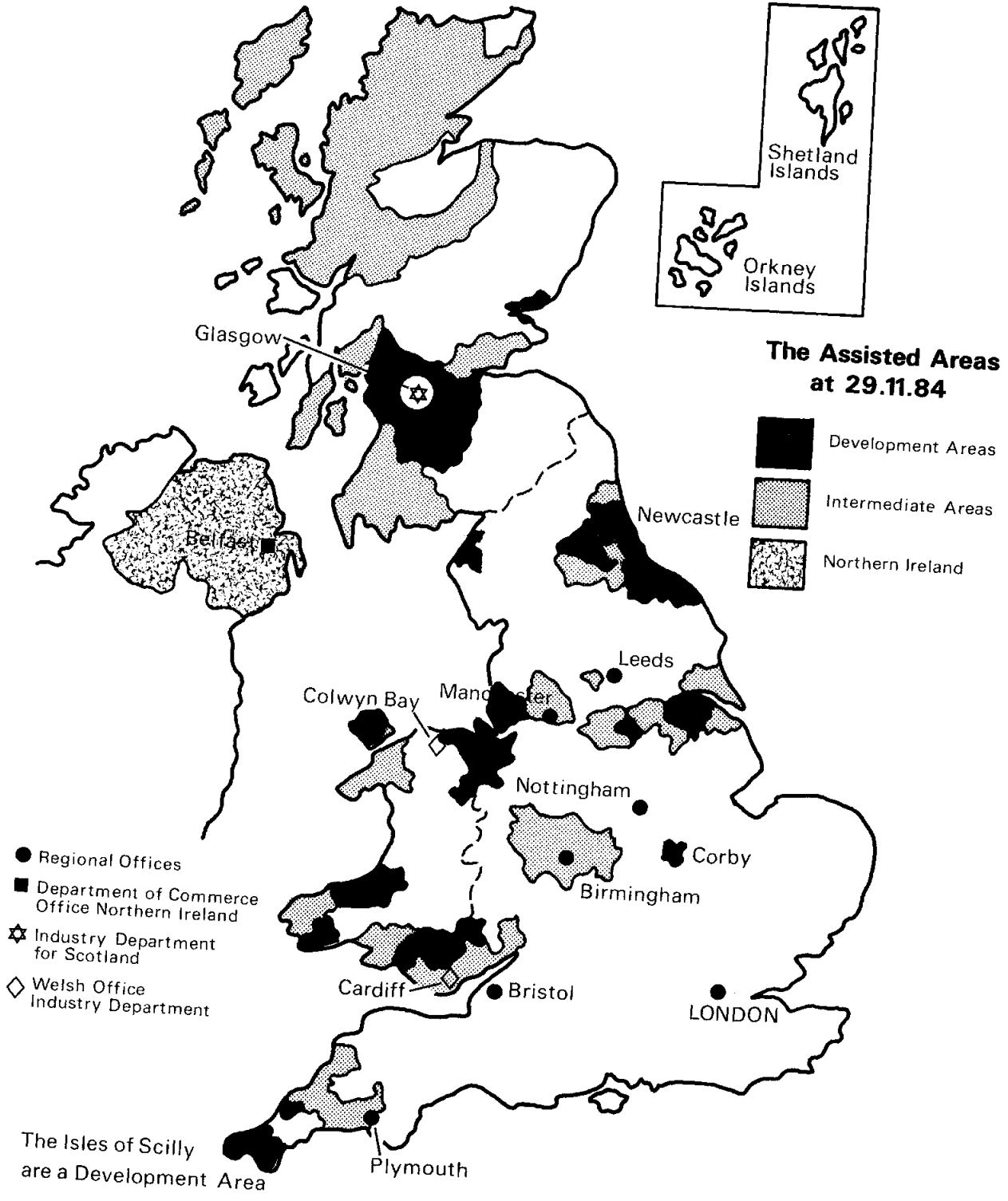
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Industrial Development Act 1982

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

Introduction

1. This Report, for the year ended 31 March 1985, describes the exercise of powers under the Industrial Development Act 1982 referred to in Sections 11 and 15 of the Act, including the powers under past legislation which that Act consolidated. Sections 11 and 15 are reproduced at Appendix 1.

2. The Report opens with an account of measures of regional assistance and goes on to describe national selective support and special assistance to shipbuilding and small firms. It is concluded with a section covering miscellaneous items, and commentaries by the various Industrial Development Advisory Boards. Appendix 2 gives a summary analysis of the main forms of national and regional assistance showing offers and payments made to 31 March 1985.

Measures of Regional Assistance

3. Assistance to regional industrial development continued to be given under a variety of measures, the main expenditure once again being on Regional Development Grants. After a period of public consultation—following publication of the Government's White Paper *Regional Industrial Development* in December 1983— and the passage of enabling legislation, decisions on a number of aspects for a revised structure of regional industrial incentives were announced on 28 November 1984. On 29 November 1984 there came into force a new map of the Assisted Areas (see page v), together with a new Regional Development Grant Scheme. However, payments under the old Scheme continued throughout the year as a result of the transitional arrangements. On the same day responsibility for Regional Development Grants in Scotland and Wales were transferred to the relevant Secretaries of State. The Regional Selective Assistance Scheme was amended to incorporate grants to service industries into the mainstream Scheme. The Office and Service Industries Scheme was discontinued. Also, those relocation projects where there is no net increase in jobs are now normally excluded from Regional Selective Assistance.

In common with past practice, unemployment statistics for each Assisted Area are produced at Appendix 3.

Regional Development Grants

4. Regional Development Grants continued to provide the largest element of support to industry in the Assisted Areas. During the year, 28,189 applications involving £2,452 million of capital expenditure were received, in respect of Development and Special Development Areas in Great Britain under the old Scheme. Grant payments under the scheme totalled £209 million in respect of England, £109 million in respect of Scotland and £92.7 million in respect of Wales. Further details, including statistics relating to new Regional Development Grants, are at Appendix 4.

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

5. The purpose of providing Regional Selective Assistance (RSA) 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: new projects and expansions which create additional employment, and projects for modernisation or rationalisation which maintain or safeguard existing employment. The guidelines for RSA are set out in Appendix 5.

Office and Service Industries Scheme

6. Until 27 November 1984, when the Scheme was discontinued, special grants were available to office and service industry undertakings for projects which created additional employment in the Assisted Areas and which served a wider than purely local market. Projects serving primarily local needs (eg retail outlets or similar local services) were not eligible. During the year, 123 offers totalling £7.2 million were accepted for 109 projects involving an estimated 2,715 jobs in the Assisted Areas. Further details are at Appendix 6.

In-Plant Training Scheme

7. This Scheme, introduced on 1 April 1980, continues to be available to manufacturing and service industry projects located in the Assisted Areas. Assistance takes the form of a grant of up to 40 per cent of eligible training costs. This attracts a matching contribution from the European Social Fund. The Scheme forms part of the regional aid package and projects must therefore satisfy the normal criteria for Section 7 assistance. During the year, offers totalling £22.4 million were accepted (£11.2 million of this assistance representing the total value of matching contributions from the European Social Fund). At 31 March 1985, a further ten applications were under consideration. Further details are at Appendix 6.

Guarantees

8. At 31 March 1985, there were two outstanding Section 7 guarantees totalling £8.6 million.

Summary of Selective Assistance Offers

9. During the year, offers¹ of grant assistance under Section 7 that were accepted by industry totalled £176.2 million, divided as follows:

	£ million	
England	Scotland	Wales
77.4	60.5	38.3

Further details are at Appendix 6.

¹Where it appears in this Report, 'offers' is defined as 'offers made, accepted, and not subsequently withdrawn at 31 March 1985' unless otherwise stated.

European Regional Development Fund

10. The Government is able to claim against the European Regional Development Fund in respect of certain projects which have received Regional Selective Assistance and, if appropriate, Regional Development Grant. During the year receipts from the Fund, attributable to regional assistance, totalled £20.7 million for Great Britain, of which £10.6 million was in respect of Regional Selective Assistance.

European Regional Development Fund: Special Measures

11. The European Regional Development Fund (ERDF), the Department of Trade and Industry, and the Scottish and Welsh Offices are jointly offering £61.4 million of grants through a series of ERDF Special Measures in areas of the United Kingdom affected by job losses in the steel, shipbuilding, and textile and clothing industries to help new businesses start up and existing small firms grow. The ERDF contribution is £43.0 million.

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

The Departments' contributions to the schemes are made under a number of statutory powers, including Sections 7, 8 and 11 of the Industrial Development Act 1982 and Section 5 of the Science and Technology Act 1965. Similar schemes operate in Northern Ireland under separate statutory powers. Further details, including a list of eligible areas, are at Appendix 7.

Exchange Risk Guarantee Scheme

12. This Scheme, operated under Section 7 and 8, encourages private industry in the UK to take advantage of foreign currency loans from the European Investment Bank (EIB), the European Coal and Steel Community (ECSC) and the New Community Instrument (NCI) by providing a guarantee against the exchange risk. The borrower accepts only a sterling liability and the Government takes the exchange risk in return for an annual premium on the outstanding value of the loan. The Scheme applies to loans for manufacturing industry, certain service sectors and tourism projects. Future liabilities under these arrangements cannot be quantified. At 31 March 1985, £616 million of loans attracting exchange risk cover had been made and cumulated losses on these amounted to £29.9 million. As a result of a review of the Scheme's future in 1984 the exchange risk cover facility for NCI loans expired on 31 December 1984, while cover for EIB and ECSC loans was extended to 31 March 1985 pending further review. Further details are at Appendix 8.

European Investment Bank

13. During the year, exchange risk cover was provided on loans from the EIB worth £13.6 million. These loans were almost exclusively for small- and medium-sized firms

and it is estimated that they assisted in the creation or safeguarding of about 2,200 jobs.

European Coal and Steel Community

14. During the year, £49.3 million of ECSC loans were disbursed. Approximately 70 per cent of this lending went to small firms. It is estimated that some 7,000 jobs were created.

New Community Instrument

15. During the period up to 31 December 1984, when the facility expired, £9.4 million of loans were guaranteed. The facility, which operated under Section 8 and was restricted to small firms, was not linked to job creation but to the stimulation of investment and it is estimated that these loans encouraged some £20 million of new industrial investment.

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

Improvement in Basic Services

16. During the year, 117 applications were received for grant towards improvement of basic services in the Assisted Areas. At 31 March 1985, grants totalling £12 million had been approved towards 110 schemes costing £62 million. Further details are at Appendix 9.

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

17. The Secretary of State has not exercised his powers under Section 14 of the Industrial Development Act 1982, because industrial and commercial development is undertaken on his behalf in England by the English Industrial Estates Corporation (EIEC), under the English Industrial Estates Corporation Act 1981. EIEC's functions are extended under the Industrial Development Act 1985 which changes the Corporation's accounting procedures and allows them to provide business support and advisory services to their tenants and prospective tenants. The Act came into effect in mid-August 1985.

During 1984-85 the Secretary of State provided EIEC with £38 million in grant-in-aid to undertake its Development programme in the Assisted Areas of England, and the Development Commission provided £12 million for the programme in the rural areas. Over the same period EIEC received and submitted to the Secretary of State £10.5 million in rents net of administration costs and £18.4 million from capital receipts (mainly sales of factories). The Corporation's Annual Report and Statement of Accounts was laid before Parliament in July 1985.

EIEC continues to concentrate on providing premises for small and high technology businesses. The high technology developments at Leeds, Bradford and Hull Universities and at Plymouth Polytechnic have been an outstanding success and have let very well, at rents which provide a good rate of return on investment. A second phase has been started at Bradford and a similar development is now underway at Durham.

In England EIEC completed 625 factories and extensions comprising 120,200 square metres of floorspace. At 31 March 1985 a further 162,600 square metres were under construction. 1,246 units were occupied by tenants or purchasers, giving another record year for lettings by EIEC. During the year EIEC sold 116 factories at a value of £15 million. Further details are at Appendix 10.

Assistance under Section 1 of the Derelict Land Act 1982 and Section 8 of the Local Employment Act 1972.

Derelict Land

18. There were 584 applications for grants towards the acquisition, or clearance, of derelict land in England. At 31 March 1985, assistance totalling £41.9 million had been approved for 469 schemes involving 2,320 hectares. Further details are at Appendix 11.

National Selective Assistance under Section 8 of the Industrial Development Act 1982

19. Subject to the temporary moratorium on applications (referred to in paragraph 25 below), which affected certain Section 8 measures, a range of National Selective Assistance continued to be given under a variety of Section 8 schemes, which may be categorised into general investment schemes and other measures generally targeted at particular activities or industrial sectors. Apart from the Financial Management Advisory Service Experiment (see paragraph 24) no new Section 8 schemes were introduced during 1984–85. One scheme (Coal Firing) was extended, and one (Innovation-Linked Investment) was closed.

Measures of National Assistance

20. A statistical summary of Section 8 schemes of assistance is at Appendix 12, which includes sectoral schemes described in paragraphs 28 to 42 of the 1980–81 Report and the Energy Conservation Scheme which are no longer open for applications. All sectoral scheme applications have been processed and at 31 March 1985, there were outstanding commitments totalling £45,000 under the Electrical Components Industry Scheme.

General Investment Schemes

21. Residual payments continue to be made in support of projects assisted under the Selective Investment Scheme, which has been closed for applications for several years. The annual expenditure under the continuing General Facility reached a new peak of £11.9 million.

Selective Investment Scheme

22. At 31 March 1985, payments of assistance totalled £95.5 million. Further details are at Appendix 13.

Section 8 General Facility

23. This Facility provides assistance for major projects in the manufacturing and service industries. To qualify,

projects must be viable and offer the prospect of exceptional national benefit. This can include, for instance, a significant degree of innovation and wider benefits for UK users or suppliers, and to performance generally. Assistance is only given to projects which would not otherwise go ahead as proposed and the minimum necessary to achieve this is negotiated. At 31 March 1985, assistance totalling £55.5 million had been offered towards 152 projects involving investment of £522.2 million, total payments had risen to £24.9 million and 16 projects were under consideration. Further details are at Appendix 14.

Other Measures of National Assistance

Financial Management Advisory Service Experiment (FMASE)

24. As part of the West Midlands initiative FMASE was designed to assist small-or medium-sized firms, in the West Midlands region, in the introduction of improved financial management control systems. FMASE operated from July 1984 to March 1985 with a fixed budget of £100,000. Assistance was available in the form of a grant of up to 55 per cent of the costs of an independent consultancy. Maximum eligible project costs were £2,000 but in exceptional cases this limit was exceeded for a small number of large projects. Eighty-three applications for support were received totalling £94,155 and 77 offers of grant aid, totalling £87,265 were subsequently made. At 31 March 1985, 62 claims totalling £67,900 had been paid.

Support For Innovation

25. Support for Innovation is the comprehensive facility for providing assistance for approved research and development projects and for promoting the development and adoption of new technologies. Although most of the assistance was made available under the Science and Technology Act 1965, some categories of investment associated with innovation were supported in whole or in part under Section 8 of the Industrial Development Act 1982, i.e. Innovation Linked Investment Scheme, Microelectronics Industry Support Programme (1 and 2) Flexible Manufacturing Systems Scheme including Robot Support Programme, Computer Aided Design and Test Equipment Support and Fibre Optics and Opto-Electronics Scheme (see paragraphs 26 to 31 and relevant appendices). Expenditure under the Science and Technology Act 1965 is covered in a separate report.¹ The full range of industrial support offered by the Department of Trade and Industry is summarised in *Support for Business*.²

On 12 November 1984 the Minister of State for Industry and Information Technology announced a review of the Department's support for industrial research and development to examine the balance, direction, impact and effectiveness of the Department's measures. While this was under way no new applications were accepted for:

—research and development projects from individual firms on standard Support For Innovation terms

¹ Available from the Department of Trade and Industry, Ashdown House Library, 123 Victoria Street, London SW1E 6RB.

² Available from the Department of Trade and Industry, Enquiry Bureau, 1 Victoria Street, London SW1H 0ET.

- development and investment projects under the Microelectronics Industry Support Programme and the Fibre Optics and Opto-Electronics Scheme
- application, development and installation projects under the Flexible Manufacturing Systems Scheme including the Robot Support Programme.

The outcome of the review was announced by the Secretary of State on 25 March and the restrictions on new applications were lifted with effect from 1 April. A change in the emphasis of the Department's support is being effected by increasing the proportion of aid going on advisory services and schemes for encouraging best practice and improving key skills, and on collaborative research. The criteria for assisting projects in individual companies have been tightened and the Department's aim is to concentrate support on innovative projects involving a relatively high level of technical or commercial risk and which represent a significant advance for the industry or sector concerned.

Innovation Linked Investment Scheme (ILIS)

26. This Scheme was opened for applications on 1 June 1983 and its closure was announced in Parliament on 22 May 1984. The aim of the Scheme was to assist small- or medium-sized enterprises launch into production new or significantly improved products and processes. Assistance was available on a selective basis, offering support of up to 20 per cent of eligible investment costs. In addition, up to 33½ per cent was available for market appraisal studies. At 31 March 1985, assistance totalling £1·8 million had been offered for 54 projects costing £9·3 million and there were 14 applications still under consideration. Further details are at Appendix 15.

Microelectronics Industry Support Programme 1 (MISP 1)

27. This Scheme was designed to support the UK microelectronics industry, including the design and manufacture of silicon integrated circuits and the infrastructure companies which supply equipment, materials and services. Support was also provided for the development of other microelectronic and associated semiconductor devices. Assistance was provided under the Industrial Development Act 1982 and the Science and Technology Act 1965. At 31 March 1985, assistance totalling £62·4 million had been offered, £57·9 million under the Industrial Development Act 1982, with payments under this Act totalling £40·9 million. Offers under the Science and Technology Act 1965 amounted to £4·5 million and of this, £4·1 million had been paid. These offers, under both Acts, exhausted the funds available under the Scheme. Further details are at Appendix 16.

Microelectronics Industry Support Programme 2 (MISP 2)

28. This Scheme was announced by the Secretary of State on 19 March 1984 to follow MISP 1. The MISP 2 programme seeks to ensure that the electronic equipment industry has access to internationally competitive micro-electronic devices and that the UK has a sound basis for maintaining that capability. The funding for the programme was announced as £120 million up to 1990, with support at a maximum rate of 25 per cent of eligible costs. The maximum rate for investment projects is 20 per cent.

The programme is intended to encourage:

- (a) development of both products and processes;
- (b) investment in plant and buildings;
- (c) design and manufacture of production equipment;
- (d) improvements in infrastructure;
- (e) in-house integrated circuit computer aided design skills.

Assistance is provided on a selective basis, and in assessing applications account is taken of the viability of both the project and the firm as a whole, the need for assistance and the contribution the project will make to improving the efficiency and competitiveness of the industry.

At 31 March 1985, assistance totalling £15·2 million had been offered for projects costing £111 million, and 26 projects were under consideration. Further details are at Appendix 17.

Fibre Optics and Opto-Electronics Scheme

29. This Scheme provides support towards the design and development of optical fibres, opto-electronics, optical sensors, instruments and production processes. Assistance may be given under both the Science and Technology Act 1965 and the Industrial Development Act 1982. At 31 March 1985, assistance totalling £38·1 million had been offered; £4·3 million under the Industrial Development Act 1982, with payments under this Act totalling £1·7 million. Offers under the Science and Technology Act 1965 amounted to £33·8 million and of this, £18·1 million had been paid. Further details are at Appendix 18.

Flexible Manufacturing Systems (FMS)—Incorporating the Robot Support Programme

30. This Scheme was launched with an allocation of £35 million in June 1982, to encourage the speedy adoption of flexible manufacturing systems and robots¹ by UK manufacturing industry. Flexible manufacturing is a system which combines microelectronics and mechanical engineering to bring economies of scale to batch work by using a central line computer to control the machine tools and other work stations and the transfer of components and tooling. It provides a combination of flexibility and overall control which makes possible the manufacture of a wide range of products in small numbers. In March 1984 the Secretary of State announced the allocation of a further £20 million for consultancies and installation projects and extended the coverage to the use of Advanced Manufacturing Technology (AMT) in batch manufacture.

In August 1984, when the European Commission approved the second tranche of funds, all the AMT Programmes were brought together and the criteria for support revised to provide greater selectivity with the aim of securing a good range of demonstration projects throughout manufacturing industry.

Grants are available only for highly innovative projects which extend the application of AMT into new areas of batch manufacture. For robot installations only applications which integrate robots with other elements of AMT will in the main be considered. Particular consideration is given to applications from small- and medium-sized firms,

¹The support for robot installations replaced that part of the Robot Support Programme announced in 1981 under the Science and Technology Act 1965.

and there are limited funds available for projects in small independent companies which have not already used industrial robots.

At 31 March 1985, assistance totalling £42.8 million had been offered for 252 projects costing £171.5 million. Payments totalling £11.7 million had been made. A further 16 projects were under consideration. Further details are at Appendix 19. Additional assistance is available, under the Science and Technology Act 1965, for AMT (including FMS and robots) feasibility studies and the development of new robotic devices for manufacturing industry.

Computer Aided Design and Test Equipment Support (CADTES)

31. This Scheme was introduced on 1 August 1982 to encourage capital investment in computer aided design, manufacture, and test equipment, so as to increase the efficiency and competitiveness of firms in the mechanical, electrical and electronic sectors of industry. The Scheme had a total allocation of £24 million and was closed for applications on 12 March 1984. At 31 March 1985, assistance totalling £24 million had been offered for 996 projects costing £93.8 million. Further details are at Appendix 20.

Small Engineering Firms Investment Scheme 1 (SEFIS 1)

32. This Scheme was designed to assist small firms in the UK engineering industry by stimulating or accelerating new investment in specific types of advanced capital equipment. Assistance was available selectively for the acquisition of up to two items of capital equipment and directly associated commissioning, installation, tooling and accessory costs. The Scheme was introduced on 30 March 1982 and closed for applications on 28 May 1982. At 31 March 1985, assistance totalling £32.1 million had been offered for 1,446 projects costing £96.4 million and payments totalled £23.1 million. Further details are at Appendix 21.

Small Engineering Firms Investment Scheme 2 (SEFIS 2)

33. This Scheme, like SEFIS 1, was designed to assist small firms in the UK engineering industry by stimulating or accelerating new investment in specific types of advanced capital equipment. Assistance was available selectively for the acquisition of up to two items of capital equipment and up to 5 per cent of directly associated tooling and accessory costs. The Scheme was introduced on 28 March 1983 and closed for applications on 30 September 1983. At 31 March 1985, assistance totalling £72.7 million had been offered for 4,881 projects costing £231.7 million and payments totalled £42.2 million. Further details are at Appendix 22.

Small Firms Loan Guarantee Arrangements

34. These arrangements were introduced on 1 June 1981 as a pilot measure to establish whether there was a gap in the provision of medium-term financial for small firms which a Government guarantee might fill. The banks and financial institutions which participate in the arrangements are responsible for carrying out the commercial appraisal of individual proposals. The arrangements are open to small businesses in most sectors of the economy and cover loans of up to £75,000, repayable over two- to seven-year terms.

In return for the guarantee applicants pay a quarterly premium on the reducing balance of the guaranteed proportion of the loan.

The initial pilot scheme ran for three years with guarantees covering 80 per cent of bank lending. Revised arrangements were introduced on 1 June 1984 with guarantees being issued at 70 per cent. The arrangements will continue at least until the end of 1985, with a decision on their future being taken nearer that time. At 31 March 1985, a total of 16,088 guarantees had been issued in respect of £525.2 million of bank lending. Appendix 23 shows the guarantees issued since the inception of the arrangements and those issued since the revision came into effect.

Quality Assurance Support Scheme

35. This Scheme is designed to help small firms to implement consultants' recommendations aimed at improving their quality assurance procedures to the level required for third party assessment based on British Standard 5750. The Scheme is complementary to the Quality Assurance Advisory Service (QAAS) under which expert advice is offered to small- and medium-sized companies against a small contribution from them towards the relevant costs. The Scheme was launched on 20 June 1983, as part of the contribution to the National Quality Campaign and remains open for applications until 30 June 1986.

At 31 March 1985, assistance totalling £0.5 million had been offered for 57 projects costing £2.0 million and a further 56 applications were under consideration. Further details are at Appendix 24.

Assistance for the Development of Certification Schemes

36. This Scheme is designed to encourage the development of third party certification systems in line with one of the major recommendations of the White Paper on Standards, Quality and International Competitiveness.¹ The Scheme was introduced in April 1983 with an allocation of £0.5 million per annum. Up to 50 per cent grant is available and the aim is to help with launching costs of new certification systems or extension of established systems. To encourage development of such systems a video presentation—*Getting Certified*—was introduced in February 1985 and is available from the Department's Standards and Quality Policy Unit on a free loan basis.

New certification *bodies* which were established with support from this Scheme include Lloyd's Register Quality Assurance Ltd, and Ceramic Industries Certification Scheme Ltd. Other certification bodies, including British Constructional Steelwork Association and Loss Prevention Certification Board Ltd, have reached an advanced stage of their development. New certification *schemes* launched with financial assistance from the Department covered areas such as certification of non-destructive testing personnel, construction materials, valves, manufacture of cement and air moving equipment. At 31 March 1985, payments of grant totalling some £0.15 million had been made. Further details are at Appendix 25.

¹Cmnd. No. 8621.

Private Sector Steel Scheme

37. This Scheme was introduced on 14 December 1981 in order to promote the survival of a healthy and efficient private steel sector by helping those companies engaged in the manufacture of primary steel products covered by the European Coal and Steel Community Treaty, and of cold finished steel products, to undertake the rationalisation and restructuring of their operations. The Scheme was closed on 7 March 1984. Assistance was available in three separate categories: assistance towards statutory and *ex gratia* redundancy payments to employees dismissed as part of a reduction in capacity or restructuring programme (Category A); assistance towards the other costs of closure or restructuring projects, including capital investment to strengthen companies' remaining business (Category B); and assistance towards self-help levy schemes, organised by the industry, financing closures by means of a levy on those undertakings remaining in business (Category C). No payments will be made under the Scheme after 31 December 1985. Further details are at Appendix 26.

Coal Firing Scheme

38. This Scheme, originally known as the Coal Fired Boiler Scheme, opened for applications on 22 May 1981. Coverage was extended in March 1982 to the service sector and to include all industrial equipment which is oil and/or gas fired. Under the Scheme capital grants of up to 25 per cent of the costs of converting or replacing such equipment with coal fired equipment may be provided. The aims of the Scheme, which has an allocation of £75 million, are to reduce UK industry's consumption of oil and gas by switching to coal; to reduce industry's unit costs through a reduction in energy costs; and to assist UK equipment manufacturers by stimulating demand for their products. In November 1982 a new incentive for coal firing projects was announced to complement the Grant Scheme. The Exchange Risk Guarantee Scheme was extended to cover up to £15 million in loans from the European Coal and Steel Community (ECSC), or its agents, Finance for Industry, for approved projects involving conversion to coal firing equipment. The Exchange Risk Guarantee Scheme now covers up to £80 million in loans from the ECSC. The administration of the Scheme has been the responsibility of the Secretary of State for Energy since 1 April 1984. Both Schemes are presently open for applications within their financial ceilings but their future is under review. At 31 March 1985, assistance totalling £42.4 million had been offered for 341 projects costing £213 million. Payments totalled £16.2 million and a further 161 projects were under consideration. Further details are at Appendix 27.

Offshore Supplies Interest Relief Grant Scheme

39. During the year 1984-85, grants totalling £17.7 million were paid, bringing total payments at 31 March 1985, to £166.7 million.

Individual Applications Under Section 8

40. Cases that cannot be assisted under the General Facility, and that do not qualify for assistance under other Schemes, can on an exceptional basis be helped using the general powers of Section 8, subject to Treasury and European Commission approvals, on a case by case basis. No such *ad hoc* cases were considered in 1984-85. During the year there were developments in five cases referred to in previous Annual Reports, as follows:

- (a) *Sheffield Forgemasters*
At 31 March 1985, payments to the company totalled £7.1 million.
- (b) *International Computers Limited (ICL)*
As a consequence of a change in the ownership of the ICL Group in late 1984, it is now wholly owned by Standard Telephones and Cables plc (STC), the Department took steps, with the agreement of STC, to rescind the Government guarantee that had been available to ICL. This was effected by an exchange of letters in October 1984.
- (c) *Villiers Ltd*
In early 1977 the Company was granted a loan of £195,000 under Section 8 of the Industry Act 1972 and the Department subscribed £5,000 for equity. With the full repayment of the loan by the end of 1984, the Department sold its shareholding at par to the Villiers Limited Benefit Plan.
- (d) *Norton Villiers Triumph Limited*
In December 1984, the Department sold its remaining shareholding of 1 million 'A' and 1.372 million 'B' preference shares in the company to Manganese Bronze Holdings plc for £375,000.
- (e) *Kearney and Trecker Marwin Ltd*
In early 1985 the Department disposed of its interests of 900,000 non-voting preference shares in the company and an unsecured loan of £1 million to Vickers plc.

Guarantees

41. The only outstanding Section 8 guarantee, on a European Coal and Steel Community loan, was called during the year and a payment of £2.2 million was made in this respect.

Special Assistance to Shipbuilding and Associated Industries

42. The main support for shipbuilding and associated industries continued to be given under the Intervention Fund and Home Credit Scheme. In addition, one loan guarantee was outstanding at 31 March 1985 but the amount of the contingent liability was not quantifiable.

Assistance under Part III of the Industrial Development Act 1982

Shipbuilding Intervention Fund

43. The sixth tranche of the Fund expired on 30 June 1984 and grants have only been offered during the year to 31 March 1985 in respect of applications notified during the life of the Fund. A new tranche of assistance is under negotiation with the European Commission (EC) but negotiations had not been completed by 31 March 1985. During the year, grants of £6.4 million were offered to secure orders for nine ships totalling 46,000 gross registered tonnes (grt). This brings the total of grants offered since the inception of the Fund in February 1977 to £283.8 million covering orders for 215 ships with an aggregate tonnage of 2.0 million grt. Payments of £20.1 million were made during 1984-85 bringing total expenditure since the Fund was announced to £258.7 million. At 31 March 1985, applications for grant in respect of a further ten ships with an aggregate tonnage of 105,000 grt awaited the outcome of the EC negotiations. Until then the amount of any aid cannot be determined.

Assistance Under Part III of the Industry Act 1972

The Home Credit Scheme

44. The Scheme, under which discounts are granted to reflect the savings of future interest support on loans that are repaid ahead of time, continued through 1984–85. During the year five loans were repaid early under this scheme attracting discount totalling £0.3 million. At 31 March 1985, the total amounts of principal guaranteed were £1,045 million. Further details are at Appendix 28.

The Construction Grant Scheme

45. Payments of £455,000 were made during the year, bringing total payments under this scheme to £49.0 million.

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

46. The powers contained in Section 11 have been used as the statutory authority for two main functions:

- (a) the counselling arm of the Small Firms Service;
- (b) the provision of financial assistance to Local Enterprise Agencies, business clubs and organisations involved in projects designed to improve the support facilities available to small firms.

With the exception given in paragraph 60 these powers have only been exercised in England. A similar small firms counselling service is, however, operated in Scotland through the Scottish Development Agency and in Wales through the Welsh Development Agency, but these are financed by their respective Acts. Paragraphs 47 to 59 therefore relate to England only.

Small Firms Service Counselling Activities

47. A business advisory facility called 'counselling' was introduced into the Small Firms Service during 1978. It is carried out through a network of over 100 Area Counselling Offices by experienced businessmen engaged on a self-employed contract basis. In addition, counselling is available at business advice days arranged by the Small Firms Service at various locations throughout the country. The counsellors provide confidential, impartial advice on a wide range of management problems faced by owners of small businesses and those starting in business. Normally a limit of ten days counselling per client in any one year is imposed. Should further specialised advice be required the client is usually referred to the appropriate professional source.

48. In the latter part of the year the Small Firms Division of the Department of Trade and Industry carried out a detailed review of the counselling arm of the Small Firms Service. The review noted the increasing activity of the Service with new and start-up businesses, a high proportion of which comes from close participation with the Manpower Services Commission's Enterprise Allowance Scheme. An important conclusion of the review which is being implemented is that the proportion of counselling sessions devoted to the slightly larger established small firms employing three or more staff should be increased in 1985–86 to 20 per cent.

49. During 1984–85 the number of new clients coming forward for counselling in England was 23,397 compared with 21,098 in 1983–84. The total number of counselling sessions in England for new and existing clients increased from 27,820 in 1983–84 to 34,680 in 1984–85.

50. At 1 April 1984 each client's first three counselling sessions were free of charge; if further counselling was required each additional session was charged at £20 (including VAT). From 1 August 1984 the fourth and subsequent sessions have been charged at £30 (including VAT) each. Revenue from counselling charges in England fell from £46,615 (excluding VAT) in 1983–84 to £34,782 in 1984–85 because each client was entitled to only one free session up to September 1983.

51. Small Firms Service counsellors are engaged on a yearly contract basis and at 31 March 1985, 250 counsellors were under contract to the Department of Trade and Industry compared with 262 at 31 March 1984. At 1 April 1984 they were paid a fee of £25 per day for their services plus travelling expenses. The counselling advisers who co-ordinate each regional team were paid a daily fee of £50 (in three regions there are co-ordinators who draw together the advisory work in sub-regions and they were paid £38 per day). From 1 August 1984 these daily fees were increased to £30, £55 and £43 respectively. The overall net cost of the Small Firms Service in England for 1984–85 was £4.8 million, of which the direct costs of counselling amounted to £3.2 million.

52. The Small Firms Service continued to co-operate closely with other agencies in the public and private sector that provide advice to small businesses, in the sharing of its information base, in its supporting activities and increasingly in sharing premises and in supplying counselling support for Local Enterprise Agencies.

Assistance to Local Enterprise Agencies and Small Business Clubs

53. To qualify for assistance an organisation needs to demonstrate that the area in which it is located has special features or problems which inhibit its start-up or development. Financial assistance is provided on a pump-priming basis to get the organisation established and is normally given for a period of one to three years. Amongst other things, the organisation assisted must have an in-depth involvement with small firms and there must be agreed arrangements locally for co-operation between the Small Firms Service (and also any other relevant agencies). Details of the organisations funded in 1984–85 are at Appendix 29.

54. Grants have also been made to Business in the Community (BIC), an organisation which exists principally to encourage the private sector to play a major role in the regeneration of local communities. It does this mainly through fostering the growth of Local Enterprise Agencies. During 1984–85 payments totalling £87,000 were made to BIC. These were primarily intended to enable BIC to meet the costs of directors of small Local Enterprise Agencies attending training courses at the Durham University Business School; and to assist in the financing of publicity material and related items. The grant also included an element to enable BIC to build up a comprehensive data base on Local Enterprise Agencies.

55. In addition, a payment of £10,000 was made to the former Special Programmes Unit of the CBI (the Unit has since merged with BIC) for a consultancy study on a Review of Work on Economic Regeneration and Work Creation.

Awareness Campaigns

56. Grants totalling £43,500 were paid to the Institute of Chartered Accountants in England and Wales towards the expenses incurred in arranging a series of three seminars in England and Wales for professional advisers such as accountants, bank managers and solicitors. These seminars, entitled *Help for Growing Businesses*, were intended to increase awareness of small firms' financial requirements, the range of Government services to assist small firms and the importance of business planning. The seminars on finance and Government services were held in the summer of 1984; the third series of seminars on business planning took place early in 1985 and were based on a video film made with the sponsorship of Lloyds Bank.

Management Education and Training

57. Grants may be given to educational establishments and other bodies running projects designed to improve the support facilities available to small businesses. To qualify for assistance these projects should provide results which offer particular insight into the further development of management education and training of owners/managers of small businesses and either endeavour to meet an identified need of owners/managers in a way that is likely to be acceptable to them or provide specific encouragement to those involved in small business training where there is no similar provision in the area. Grants are normally given only when funding cannot be obtained from other public sector sources and need to be matched by non-public sector funding to at least an equivalent amount.

58. In the financial year 1984-85 only two grants were made—both to Durham University Business School (DUBS). Both were further instalments of ongoing commitments. A grant of £32,815 assisted the funding of their New Enterprise Development Project, which undertakes experimental work in the small firms field with the results being available for possible replication elsewhere. A grant of £5,000 was made in connection with the annual Small Business Teachers Programme run by DUBS for the UK Small Business Management Education Association and was used to provide bursaries to UK teachers attending this residential course.

59. In addition, a further £53,158 was spent by the Department of Trade and Industry on the production of a 20-minute film/video *The Road to Success* which was subsequently launched in May 1985. The film/video is directed at the existing small business owner/manager and aims to drive home the importance of training in finance, marketing and business planning skills to the success of his business.

Activities of the Welsh Office

60. Deloitte Haskins and Sells were commissioned to undertake a review of the Small Firms Service in Wales. The

total cost of the study was £25,000. The Welsh Office also commissioned through the University of Wales a register of the research undertaken and facilities available in the scientific and engineering departments of the constituent colleges of the University and the Polytechnic of Wales; the study cost £16,000. In the course of the year a final payment of £6,500 was made to Mid-Glamorgan County Council for a study of the feasibility of establishing a computerised data base covering industrial premises and sites as well as office accommodation throughout Wales.

Other Matters and Developments in 1984-85

Inward Investment

61. In the year to 31 March 1985, the Invest in Britain Bureau's promotion programme included 25 separate events (seven inward missions and 18 seminars/presentations). In addition, the Bureau prepared during the year and launched in March a unique publicity campaign, *Britain Means Business*, designed to enhance awareness overseas of the UK's advantages as a location for manufacturing investment; in this campaign the major public sector investment promotion bodies have joined forces with the private sector to promote a united UK image. The greater part of the one-year campaign, involving extensive publicity overseas and some 15 promotional events, is scheduled for the remainder of 1985, and will be incremental to the Invest in Britain Bureau's normal programme for 1985-86, which is to involve over 20 events.

62. It is not possible to provide a comprehensive figure of the amount of foreign investment in Britain in 1984-85, since not all such investment is notified to the Department, particularly when it takes place outside the Assisted Areas, or involves expansion on an existing site. In its Annual Report for the calendar year 1984,¹ however, the Invest in Britain Bureau recorded a total of 285 decisions to invest or expand investment in the UK, entailing capital investment of almost £3 billion, creating in the long term 28,125 new jobs and safeguarding 17,991 others.

63. 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 1985, offers² of £121.3 million were made to such companies under Section 7, for 154 projects estimated to cost £1,339 million. These projects are expected to create 17,130 new jobs and safeguard 3,968 others. Of the projects assisted, 53 per cent involved American-owned companies and these accounted for 48 per cent of offers, by value, to foreign-owned companies. Overall, overseas-based companies accounted for some 53 per cent of total project costs under this Section and 51 per cent of the value of offers made. Foreign-owned companies also received offers of assistance totalling £7.6 million under the Section 8 General Facility for 32 projects costing £59.6 million. Nearly 38 per cent of these projects, accounting for £2.9 million in offers, involved American-owned companies.

¹ Available from the Department of Trade and Industry, Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SJ.

² This is the total of offers made, not the total of offers accepted.

Publication of Assistance Offered

64. Details of offers of Regional Selective Assistance, against which first payment was made during the year to 31 March 1985, were published in *British business* on 14 September, and 23 November 1984, and 22 February and 28 June 1985. In accordance with previous arrangements publication is limited to offers of grants of £5,000 or more. Similarly, details of offers of Section 8 assistance of £5,000 or more were published in *British business* on 28 September, 7 December and 14 December 1984, and 8 March and 24 May 1985. Details of individual payments of Regional Development Grants in excess of £25,000 made during the year were published in *British business* on 31 August and 9 November 1984, and 15 February and 10 May 1985.

Industrial Development Advisory Boards and Industrial Development Boards

65. The Industrial Development Advisory Board continued to advise the Secretary of State on the exercise of his powers under Sections 7 and 8 of the Industrial Development Act 1982. One member, Mr. I. A. N. Irvine, retired from the Board. Four new members were appointed in March 1985; Mr. P. J. Grant, Mr. J. W. Melbourn, Mr. H. G. Mourgue and Mr. A. E. Wheatley. Sir Ronald Halstead was appointed Chairman of the Board following the tragic death of Mr. G. W. Mackworth-Young in October 1984.

66. The statutory Scottish and Welsh Industrial Development Advisory Boards and non-statutory Industrial Development Boards in those English regions with substantial Assisted Areas continued to advise their respective Secretaries of State on applications for selective financial assistance and on industrial opportunities in their countries and regions. A new Board, for the West Midlands Region, was created following the introduction of the new map of Assisted Areas on 29 November 1984. Lists of the Chairmen and Board members are at Appendix 30. Commentaries by each of the Boards on their work follow.

Commentaries by the Industrial Development Advisory Boards and Industrial Development Boards

Industrial Development Advisory Board

The Board has continued to advise the Secretary of State on the provision of assistance under Sections 7 and 8 of the Act. Sixteen meetings were held to consider 104 applications for support for individual applications or Memoranda of Understanding. The Board also considered an extension to an existing scheme, and a new scheme for small firms.

Applications

The Board considered twelve applications for assistance under Section 7 of the Act. This provides assistance for projects in Assisted Areas that create or safeguard employment. The Board agreed that the assistance in all the

cases should be recommended. Under the *Office and Service Industries Scheme* the Board considered that one application met the relevant criteria and recommended the assistance proposed. The Board noted the changes in regional policy announced in November 1984.

Fifty-one applications were considered for National Selective Assistance under the *Section 8 General Facility*. Of these, the Board concluded that six did not meet the relevant criteria. The assistance proposed was recommended in forty-four cases. Also, the Board approved a Memorandum of Understanding with an applicant company covering a number of investment projects under Section 8.

Under *general powers provided by Section 8*, the Board recommended that assistance be provided for a self-help scheme to rationalise a sector of the private sector steel industry.

Turning to schemes funded under Section 8, three applications were considered under the *Fibre Optics and Opto-Electronics Scheme*; assistance was recommended in all cases. Twenty-one applications were considered under the *Microelectronics Industry Support Programme*; nineteen were considered for individual support, of which assistance was recommended for eighteen; two applications for Memoranda of Understanding covering the broad lines of research and related investment were also regarded as meeting the criteria. The Board considered eight applications under the *Flexible Manufacturing Systems Scheme*; of these, five were deemed to meet the relevant criteria and the assistance proposed was recommended; three applications were considered not to have met the criteria. This Scheme was introduced to encourage the use of flexible manufacturing techniques. The Board also recommended assistance in seven out of eight applications considered under the *Coal Firing Scheme*, which has the objective of reducing industry's dependence on oil-based energy sources.

Criteria

Reflecting the upturn in economic activity, and in the interest of seeking greater value for money, the Secretary of State invited the Board to tighten its interpretation of the additionality criterion in all casework considered under the Act, and to apply the criteria for National Selective Assistance under the Section 8 General Facility with particular rigour. Such projects must now offer exceptional national benefit, for instance, in terms of a substantial contribution to the strength and competitiveness of the sector involved, and the performance of users and suppliers.

Extensions to Existing Support

A £20 million proposal to extend the *Flexible Manufacturing Systems Scheme* was very well received. The Board approved a revision to the criteria and thought the Scheme would encourage companies to move in the right direction.

The Board was informed about a series of measures under the *European Regional Development Fund Special Measures* which would provide approximately £50 million of Community aid to small firms to help generate new economic activity in eligible UK steel, shipbuilding and textile closure areas. Ministers had agreed in principle to spend £12.5 million over five years to trigger the Community aid. The Board welcomed aid to such closure areas.

Conclusion

The Board has been encouraged by the evidence of recent users that overseas companies continue to regard the UK as a suitable location for expansion or increased investment. The number of companies undertaking projects involving new technology such as fibre optics and flexible manufacturing has also encouraged the Board.

Mr. Mackworth-Young

All who served with Bill Mackworth-Young have good reason to remember the good humour, wisdom and skill with which he chaired the Board. His death last year was a great loss to the many interests to which he gave unstintingly of his time. My colleagues and I pay tribute to him here.

SIR RONALD HALSTEAD, CBE
Chairman

Scottish Industrial Development Advisory Board

This year's commentary is written against the background of the coal mining dispute which had the effect of limiting the growth of total industrial production in Scotland and struck damagingly at a number of companies most directly concerned with the coal mining industry, but there was an overall strong recovery in Scottish manufacturing production, with output growing more rapidly than at any time in the last ten years.

While total employment increased slightly Scotland did not escape the overall UK increase in the level of unemployment as greater numbers came into the labour market.

The CBI Industrial Trends Survey indicated some strengthening of investment intentions but the recovery in actual manufacturing investment in Scotland appeared to be weaker than in the UK as a whole which enjoyed a significant increase in 1984.

Conversely, productivity in manufacturing industry in Scotland grew at a faster pace than in the UK generally and with pay settlements broadly in line with the UK as a whole the comparative position of Scottish manufacturing industry within the UK should have strengthened.

The growth of the electronics industry has continued to be particularly strong in the semiconductor and computer sectors, and Regional Selective Assistance has been offered to further significant projects in these sectors during the year. A notable feature in recent years has been the attraction to Scotland of a wide range of semiconductor industry suppliers and sub-contractors, and this trend continued during 1984-85. A particularly significant project is that proposed by Indy Electronics at Irvine to carry out automated assembly of integrated components. This will bring back to Scotland work currently undertaken in low labour cost countries in the Far East. A significant expansion project was approved at Hughes Microelectronics, Glenrothes, a manufacturer of custom-designed integrated circuits and NEC Livingston announced their intention to proceed with the installation of 'state of the art' wafer fabrication technology in Scotland. Towards the end of the year it became apparent that the semiconductor industry was facing world-wide problems of over-capacity, but the development prospects

for the sector in Scotland remain promising and it is now possible for manufacturers to source many of the components, supplies and equipment they require within Scotland.

The intention of Government to restrict and reshape its regional industrial assistance policy, foreshadowed in the White Paper issued in December 1983, produced a heavy weight of applications for selective financial assistance, leaving 127 cases outstanding at 29 November 1984 which had to be, and were, dealt with under the transitional arrangements by 31 March 1985. The Board has asked me to record its appreciation of the effective way in which the officials of the Department went about this daunting task.

Taking the 12 months to 31 March 1985 (previous year's figures in brackets) there were 222 (304) applications. The value of projects referred to in applications was £153.0 million (£112.6 million). The number of applications outstanding at the end of March was 18 (117), a sharp reduction in the March 1984 figure. A total of 223 (168) offers of grant were accepted, with a value of £57.3 million (£43.7 million). The number and value of offers accepted were, therefore, somewhat higher than in the previous year and, the proportion of offers made in relation to applications received. These offers were expected to create 10,540 (11,042) new jobs, and to safeguard an additional 6,867 (11,668) jobs. A further 33 (38) offers of assistance, with a total value of £0.87 million (£1.2 million) were accepted under Section 8.

The numbers of offers of Regional Selective Assistance accepted under the Office and Service Industries Scheme was 30 (17). The total value of offers was £3.3 million (£3.2 million) and the number of associated jobs was 1,297 (575). While the Scheme has been discontinued, assistance to service companies which qualify will continue to be available under Section 7 of the Act.

Companies continued to take advantage of the medium-term fixed interest loans available from the European Investment Bank (EIB) and the European Coal and Steel Community (ECSC). An Exchange Risk Guarantee was offered on 8 (7) EIB loans, with a value of £21 million (£36.54 million), and on 73 (17) ECSC loans, with a value of £18.9 million (£10.54 million).

Assistance under Section 7 again played a major role in attracting overseas companies to Scotland. There were 14 (19) offers of assistance accepted by overseas companies, with a value of £12.2 million (£7.9 million) and 2,974 (2,194) associated jobs. There were also 31 (22) offers of assistance accepted in connection with the expansion of overseas plants already located in Scotland.

The Better Business Services (BBS) Scheme, while outwith the Board's main function of advising the Secretary of State, was noted by the Board as a welcome source of assistance to small businesses in Scotland. The Scheme, launched in the Strathclyde region in November 1983, was extended to the Tayside region in February 1985. The Scheme is partly funded from the European Regional Development Fund Special Measures and is aimed at helping small companies improve their management, marketing and finance skills. In its 16 months of operation, the Scheme has attracted over 5,000 applications. This represents about 1 in 8 small firms in the Strathclyde region. The Industry Department for Scotland has commissioned an evaluation survey among those small firms who have benefited from the scheme which it is hoped will provide much valuable information on the practical effects of the initiative.

Towards the end of the year under review, the Better Technical Services Scheme was launched in the Strathclyde and Tayside regions. This has been designed to enhance and complement the BBS initiative. Better Technical Services provides help with design and development both to test feasibility and aid implementation and support in the complex area of patent and licensing. Computer applications designed to improve technical performance and product development are included as is the development of comprehensive marketing programmes. Already the Scheme has benefited small firms affected by the closure of traditional industries seeking to diversify into new markets and products.

During the year Mr. John Langan, was appointed to the Board on the resignation of Mr. Tom Dougan who had served since 1982.

ROBERT C. SMITH,
Chairman

Welsh Industrial Development Advisory Board

The past year has seen a further gradual recovery in the level of economic activity in Wales though this was partially offset—and certainly obscured—by the prolonged dispute in the coal industry. After falling during the third quarter, manufacturing output was provisionally estimated to have risen sharply by 3.9 per cent in the final quarter of 1984 and output for the year as a whole in this sector was 1 per cent higher than in 1983. Prominent among increases on a broad front during the final part of 1984 were those made by transport, engineering, textiles, timber and chemicals. However, output levels in the important mechanical engineering sector fell again in the fourth quarter of 1984 to a new low.

Whilst the continuing underlying increase in the level of unemployment was a cause for concern, (the seasonally adjusted rate of 16.2 per cent in March 1985 compared with 15.4 per cent a year earlier), there was a small but encouraging rise in the number of unfilled vacancies in the year. There was also a further substantial fall in the number of potential redundancies that were the subject of advance notification as well as in the level of confirmed redundancies. The latter totalled 11,400 in Wales as a whole during 1984 compared with 16,000 in 1983 and over 45,000 in 1980.

The Board was pleased to note that, in its second full year of operation, WINvest helped to secure 29 new overseas projects—12 from North America, 15 from Western Europe and two from Asia. These projects represent an investment of £59 million and promise some 2,650 jobs. Sixteen expansion projects by overseas companies already located in Wales are likely to create over 1,000 jobs and safeguard a further 2,450. These figures represent a substantial and continued growth in inward investment activity. Visits by overseas companies during the year were about 25 per cent higher than in 1983–84. A particular milestone was the decision of Brother Industries to locate its typewriter project in Wrexham. This was the tenth Japanese company to establish a manufacturing operation in Wales. Inward investment from North America and Europe has also shown substantial growth with new technologies being well represented, particularly in the case of American projects.

During 1984–85, applications for Regional Selective Assistance were received in respect of 306 projects. A total of 209 offers of assistance were accepted with a value of £38.3 million. The employment promised by these projects totals 10,538 new jobs plus 3,632 safeguarded jobs. Since the introduction in 1978 of the Exchange Risk Guarantee Scheme, loans from the European Investment Bank and from the European Coal and Steel Community for projects in Wales and for which exchange risk cover was provided amount to over £115 million.

The Board has noted the further increase in the number of enquiries dealt with by the Small Firms Centre. In 1984–85 these totalled over 17,000, 12 per cent up on the previous year and double the number of enquiries received five years ago. The Centre, usually in co-operation with the Welsh Development Agency's Counselling Service and in conjunction too with Local Authorities and Local Enterprise Agencies, also participated in about 120 'clinics' in various parts of Wales in 1984–85.

The Board welcomed the introduction in November 1984 of the Business Improvement Services Scheme which will provide assistance to small and medium sized enterprises in those parts of Wales affected by job losses in the steel industry. Grants are available to assist the costs of obtaining independent professional advice in such areas as financial control and marketing. Assistance is also available to help enterprises develop new products. The bulk of the £7.5 million available in Wales in the period to December 1988 has been made available from the European Regional Development Fund. The Board very much hopes that many firms will take advantage of this assistance.

The Board took particular note of the announcement in November 1984 of the Government's decision following the Review of Regional Industrial Policy. The changes to the Assisted Area map have meant a reduction in Wales' share of the total Assisted Area coverage from 16.4 per cent of the Great Britain total to 11.6 per cent. The Assisted Areas within Wales however still have within them nearly 90 per cent of the Principality's working population, albeit that parts of those Areas now attract lower rates of grant. The Board welcomed the extension of the Regional Development Grant Scheme to certain parts of the service sector.

During the year Mr. John Griffiths and Professor D. M. Embrey retired from the Board, the former having served for over nine years. The Board wishes to place on record its deep appreciation of the expertise and enthusiasm which both brought to this work. The Secretary of State has appointed to membership of the Board Mr. N. D. Penfold, Manager of Ferranti Computer Systems Ltd, Cwmbran and Mr. John James, Assistant Secretary (Organisation) of the Banking, Insurance and Finance Union.

H. W. MORRIS
Chairman

North Eastern Industrial Development Board

The year has proved to be one of further consolidation of the North East economy with continued slow but steady improvement in confidence, sales and output in most industries. Thus, steel output has continued to improve with year-end figures for the Teesside complex the best for some

years while plastics and petrochemicals also made good progress. The electronics and pharmaceuticals industries remained buoyant and the offshore oil and gas activity continued with local yards creating hundreds of jobs as a result of multi-million pound orders notably from Shell and Marathon Oil; downstream activities have also benefited. The situation within mechanical engineering and traditional areas of electrical engineering is mixed though firms generally appear more optimistic about prospects than last year. Even in the depressed shipbuilding and repairing sectors recent major orders have been won by Swan Hunters, Sunderland Shipbuilders and Austin & Pickersgill; and Tyne Shiprepairers have been notably successful. Taken as a whole the Region's retail sector has been buoyant with major projects at the Metro and Armstrong Centres in the pipeline.

Nevertheless, the regional recovery has not matched the strength of the national upturn and manufacturing output and investment remain well below the 1979 peak. Much investment remains small-scale for essential replacement and is designed to improve efficiency, productivity and competitiveness (and therefore often at the expense of jobs). Although profitability has improved, uncertainty over future prospects, highly competitive markets and low margins, and high real interest rates have discouraged investment in additional capacity. The relative weakness of the North East recovery probably reflects the extent of the Region's dependence on industries in secular decline, and under-representation in growth sectors.

The disappointing aspect of the modest upturn is the failure so far to impact upon employment, which continues to rise albeit at a slower rate. The problems of jobless youngsters and the degree of long-term unemployment are of particular concern. The seasonally adjusted unemployment rate rose steadily in the North (including Cumbria) from 17.3 per cent in April 1984 to 17.9 per cent in March 1985. The Region's unemployment blackspots include South Tyneside (24.9 per cent), Hartlepool (24.7 per cent), Middlesbrough (23.3 per cent), Sunderland (21.6 per cent), Bishop Auckland (22.0 per cent) and Stockton-on-Tees (20.0 per cent): these are among the highest unemployment rates in Great Britain. Similarly, the number of jobs in the Region (measured by employees in employment) showed a decline in the year to September 1984 compared with a rise in most other regions. Those net new jobs which are being created in the Region are in many cases for female and part-time work in the distribution sector while any growth in male manufacturing jobs in expanding firms is being more than offset by losses in the Region's traditional industries of coal, metal goods, engineering, shipbuilding and construction. Nevertheless, the slowdown in the *rate* of increase in unemployment must be taken as a positive sign. Redundancies (23,000) are also falling (though at a slower rate than nationally) holding out prospects for a more stable situation later in 1985.

The coal dispute created particular problems both for small firms, including retailers in mining areas and for the many direct and indirect suppliers to the National Coal Board (NCB). Some companies managed to ameliorate the effects of the dispute by diversifying into new products and markets (especially exports) and thus reducing dependence on the NCB.

In spite of the increasing efforts of the Small Firms Centre, Enterprise Agencies and Local Authorities, the rate of growth of successful small companies remains comparatively low compared with other, more prosperous areas

with a long tradition of small firm formation, eg the South East and West Midlands. Thus although 6,000 new businesses were created in the Region in the latest year the net gain after a high level of business failures was only 1,400 new firms. The net additional employment provided by these new firms has therefore been limited. During 1984-85 the Small Firms Centre increased its Business Counselling Service with 2,683 counselling sessions, an increase of 65 per cent on the previous 12 months. General enquiries were nearly 20 per cent down on the highest ever figure of the previous year. Despite less intensive advertising, however, nearly 18,000 enquiries were dealt with. The Service's more localised 'clinic' activities, based principally in Jobcentres in areas of high unemployment continued in the same pattern as in previous years, with the high level of enquiries being maintained. Nearly 2,000 visitors attended on an informal basis, for free and confidential advice from experienced Business Counsellors. Throughout the year the Small Firms Service has continued to offer counselling advice for recipients of the MSC's Enterprise Allowance Scheme. Over 4,000 people in the North East Region starting in business have been accepted onto this Scheme and each is allowed three free counselling sessions while on the Scheme.

Exporters have fared better during the year. They have been helped by the decline in sterling and they have also benefited from improved competitiveness and marketing efforts. British Overseas Trade Board services to exporters have provided a valuable contribution to increasing North East firms' awareness of business opportunities in overseas markets and positive assistance in penetrating those markets. Some 800 companies were assisted, nearly half of them with arrangements for overseas visits including exhibition at trade fairs and the 12 successful outward trade missions organised by the North of England Development Council. Increasing numbers of companies have taken advantage of the assistance available to conduct market research overseas and of the Board's Export Intelligence Service Scheme.

There are no statistics available for exports on a regional basis. However, many North East companies reported substantial increases in export work. It is particularly encouraging that many of them were small/medium-sized companies, including some in new high-technology products.

Demand for Regional Selective Assistance (RSA) declined following last year's peak with the Regional Office making a total of 129 offers¹ compared with 191 in 1983-84: 105 were grants only and 24 were grants plus, Exchange Risk Cover on European Investment Bank or European Coal and Steel Community loans. Total assistance was £14.7 million compared with last year's £17.1 million. The related capital investment was £169.2 million (£143.9 million in 1983-84) and the projects were to provide 7,136 additional jobs (8,217 in 1983-84) and safeguard 2,020 existing jobs (2,357 in 1983-84). New applications for RSA received during the year totalled 152 (214 in 1983-84). Last year, transitional arrangements under the new Regional Policy probably caused companies to bring forward projects in an effort to secure RSA and Regional Development Grant (RDG) entitlement. After the detailed announcement of the new arrangements many firms have been concentrating on maximising non-project related investment while it con-

¹In this, and in subsequent Industrial Development Board commentaries, 'offers made' means all offers made whether or not accepted, rejected or withdrawn at 31 March 1985.

tinues to attract old style RDG. Furthermore, the attractiveness of the new job-related RDG Scheme has been sufficient in many cases to secure projects that would otherwise have been the subject of RSA applications.

The Region capitalised on its success last year in securing the Nissan car plant by the decision of Tabuchi to manufacture sophisticated equipment for microwave ovens in Thornaby, Cleveland. It is hoped that other Japanese manufacturers will decide to locate in the North East following on the sustained promotional campaign the Region is mounting in the Far East. It is encouraging to note that many foreign firms now established in the Region received selective assistance in 1984-85 to enable them to proceed with expansion projects.

Mr. David Grant retired at the end of 1984 after serving on the Board for nine years. Mr. John Herrin's business commitments have taken him to another part of the country and he has therefore resigned having served for five years. The Board would like to record its appreciation of their assistance throughout their respective periods of service.

L. R. MANN, OBE
Chairman

Yorkshire and Humberside and East Midlands Industrial Development Board

Yorkshire and Humberside Region

General

During the year under review the gradual improvement in the Yorkshire and Humberside economy was maintained, despite being somewhat overshadowed by the prolonged labour dispute in the coalmining industry. The coal strike reduced the sales and profits of manufacturing companies whose fortunes are linked to those of the National Coal Board, particularly suppliers of mining equipment. Some retailers in the Region's coalmining areas also suffered depressed sales.

Manufacturing industry as a whole in the Region increased its output and productivity while retail activity outside the coalmining towns was buoyant. However, there was considerable variation between the different sectors of the Region's industry and between companies even in the same sector. Despite the overall improvement, it is a matter of continuing concern that the better business performance has not yet led to any reduction in the very large numbers of unemployed in the Region.

On individual sectors, the wool textile industry enjoyed a further year of prosperity based on high productivity. Exports, helped by the continuing strength of the dollar, reached record levels in value terms during 1984 and high-quality producers in particular benefited. Many wool textile companies are now operating closer to capacity than at any time since the recession began but with much reduced workforces.

Special steels had a number of companies reporting higher demand and better profits. There is, however, no great optimism about long-term future prospects and an air of

uncertainty still pervades the industry. The sharp rise in scrap prices since early 1985 has caused a great deal of concern. World over-capacity in steel production and depressed demand from the UK engineering industry have led to further rationalisation, especially in Sheffield where news has recently been received of British Steel Corporation's plan to close down the Tinsley Park works with the loss of about 800 jobs.

Some engineering sectors such as mechanical and light general engineering have maintained a slow but unspectacular recovery. The Region's electrical engineers continue to perform well. On the other hand companies at the heavy end of engineering continued under severe competitive pressure and few of these companies reported high levels of profitability. Similarly, machine tool manufacturers, based largely in West Yorkshire, did not show much sign of recovery. The industry is having to contend with quality imports from Japan and to some extent Eastern Europe.

The year was again a difficult one for the Region's glass container industry, but rationalisation and cost cutting measures have taken place which it is hoped will yield future benefits.

In the main the Region is still having to rely on its traditional manufacturing industries to produce its wealth. Despite the incentives offered, not much new industry, particularly in high technology sectors, is being attracted to the area. However, there is increasing awareness of the benefits of applying new technology to traditional manufacturing processes.

Unemployment

In February 1985 there were 307,747 (15.1 per cent) persons unemployed in the Region against 293,196 (14.3 per cent) in February 1984. The unemployment trend remained gradually upwards throughout the year although there was some increase in the number of vacancies. South Yorkshire remains the part of the Region with the greatest unemployment problem and the prospects for fuller employment will not be helped by expected job losses in steel and coalmining. Employment in other sectors such as glass manufacture, which have already lost substantial numbers of jobs, seems to have stabilised to some extent.

Government Assistance

As a consequence of the Review of Government Industrial Assistance, there were a number of significant changes to the Assisted Area map for Yorkshire and Humberside, effective from 29 November 1984. Sheffield Travel-to-Work Area (TTWA) became an Intermediate Area, and Whitby TTWA was upgraded to Development Area status, while Hull and Grimsby TTWA's became Intermediate Areas, having previously had Development Area status, and Goole, Richmondshire, Scarborough and Bridlington TTWA's all became Non-Assisted. Overall, the Assisted Area coverage in the Region, in terms of employed population covered, has gone up from about 40 per cent to 50 per cent. Although it was too early to see a definite pattern emerging at the end of the year, we should expect the number of applications for Regional Selective Assistance to increase as a result of the changes.

The number and value of selective assistance applications referred to the Board fell significantly compared with 1983-84. However, by the end of the year there was an

increase in applications, which may have been stimulated by the new structure of regional incentives and the revised Assisted Area map introduced in November 1984.

During the year 80 offers of selective assistance were made (compared to 103 in 1983-84) to aid capital investment projects costing £61.2 million (£103.3 million). The grants offered totalled £7.0 million (£14.1 million) and it was expected that the projects would create or safeguard 2,593 (7,716) jobs. In addition £0.18 million (£0.6 million) was offered under the Office and Service Industries Scheme to aid seven (13) projects, which were expected to provide 104 (315) jobs. The distribution of assistance across the region shows that 35 per cent of offers were made to firms in West Yorkshire (ie the Bradford TTWA), 23 per cent in South Yorkshire, 37 per cent in Humberside and 5 per cent in North Yorkshire. Industries benefiting were in a wide range but prominent were mechanical and electrical engineering, chemicals, timber products, food and drink, pottery and metal manufacture.

East Midlands Region

General

During 1984-85 economic trends continued to indicate a slow but steady recovery. In general, demand remains strong, though there are signs of flattening out since the end of 1984, particularly in consumer demand. The recovery does not extend to all sectors and there are major variations. The clothing and footwear industries, particularly in the higher quality areas of the market show clear signs of improvement where exports have been helped by the exchange rate. Other sectors such as heavy engineering and contractors plant, after showing modest signs of recovery, remain depressed.

Where sectors do show indications of recovery the rate, in the main, is at a very slow pace. This is evidenced by the low number of job vacancies compared with most other regions. While the East Midlands did not experience the worst of the recession its recovery is taking place comparatively slowly and is not being reflected in a reduction of the unemployment figures or any significant change in the numbers of redundancies being declared. While redundancies are well below the peak rates of 1980-81 the fall is less than that experienced in most other regions. There has however been a considerable drop in the notified redundancies in the first two months of 1985. There have been reports of capacity and skill shortages mainly in the clothing and textile sectors which could limit the scope of recovery. Recent indications are that skill shortages may now be appearing more widely. There are signs of an upward revision of investment plans but there is a degree of caution brought about by the experiences of the recession which could in the longer term lead to capacity constraints.

The mining industry in the Region continues to decline but this will eventually be offset to some extent by exploitation of the Vale of Belvoir coalfield where development work started towards the end of 1984; there is also the likelihood of further mining on the Nottinghamshire/Lincolnshire border.

Unemployment

In February 1985 unemployment in the East Midlands stood at 13 per cent compared with 12.1 per cent a year earlier. Some 23,000 redundancies were declared in the

Region in 1984 compared with 22,000 in 1983. All counties showed a percentage increase in unemployment over the year since February 1984. As in previous years Lincolnshire remains the county with the highest rate at 15 per cent. This figure does represent a strong seasonal element, the figure for August 1984 was 12.6 per cent. The largest percentage increase occurred in Derbyshire (up by 2 per cent), while the largest numerical increase was in Nottinghamshire (up by 5,097).

During the period covered by the Report Corby continued to suffer a high rate of unemployment. In February 1984 unemployment stood at 18.7 per cent; it is now 22.4 per cent (February 1985). This increase is principally due to the change in the Travel-to-Work Area (TTWA) boundary in September 1984. With its Development Area, Steel Closure Area and Enterprise Zone, Corby continues to attract a high level of interest; the Enterprise Zone is now almost fully developed.

As a result of the November 1984 Regional Policy changes, Uppingham became part of the Corby TTWA, Hinckley (part of the Coventry TTWA) became an Intermediate Area, as did Dronfield (part of the Sheffield TTWA). Gainsborough remains an Intermediate Area but Skegness and Mablethorpe lost Assisted Area status.

Government Assistance

During the period under review 35 offers (67 in 1983-84) of assistance under Section 7 of the Industrial Development Act 1982 were made in respect of projects costing £30.1 million (£58 million). The majority of offers related to projects in Corby. Grants offered totalled £3.1 million (£6.4 million) and it was expected that 1,474 (2,654) jobs would be created/safeguarded as a result. In addition £1.1 million (£0.2 million) was offered under the Office and Service Industries Scheme on 6(8) projects costing £8.3 million (£0.5 million) and expected to create 226 (93) jobs.

Resignation and Appointment

Mr. J. Roberts, Regional Director, Midland Bank plc resigned in August 1984 on moving away from the Region. His contribution is gratefully acknowledged by the Board. Mr. Roberts has been replaced by Mr. R. Illingworth, Regional Director and General Manager, Lloyds Bank plc who joined the Board in January 1985.

T. McDONALD, OBE, FCA

Chairman

South West Industrial Development Board

Changes following the Regional Policy Review during the year left the South West Assisted Area map with a patchwork appearance. The Cinderford/Ross Travel-to-Work Area in Gloucestershire was designated as an Intermediate Area but a broad band of mid-Cornwall together with North and parts of South Devon lost Assisted Area status. The whole of the far west of Cornwall, together with Newquay, was, however, included in the upper tier for aid. We

were particularly relieved that the necessity to retain Assisted Area status for Plymouth was recognised, the city being the key to industrial development in the rest of the Region.

The changes reflect the relative success of parts of the South West Region but they do put in sharper focus those areas where considerable problems remain. Many businesses made solid progress in a year which was a good one for tourism and related services. These gains have, however, yet to make much impact on the level of unemployment. Unemployment in the South West Region in March 1985 was 208,099, an increase of 13,253 since last year, with the unemployment blackspots continuing to be Newquay, Penzance and St Ives. Unemployment for the Region in March 1985 stood at 11.6 per cent.

The continuing infrastructure needs of Devon and Cornwall were recognised in the European Regional Development Fund contributions of £18 million for 30 projects. The work supported includes major improvements to the A38 and A30 trunk roads, although there is still cause for concern over the final route of the Okehampton by-pass, as well as projects to aid energy supply, tourist amenities and water infrastructure. There are however still major deficiencies in the road network in both Devon and Cornwall, affecting particularly the high unemployment areas, and this is also true of the situation in the Forest of Dean. Anxiety also remains about progress in the provision of adequate water supply and effluent disposal. The completion of Roadford Reservoir in accordance with the existing programme is therefore particularly vital.

The Board has been investigating and pursuing the formation of a unified organisation to promote the South West area to best effect as an alternative to the diverse number of bodies currently involved in the promotion of industrial growth and job creation in the locality. The increase in the Department's aid to the Devon and Cornwall Development Bureau was generally welcomed as a positive move towards the encouragement of inward investment in the Region. The Board recognised however that even the most intensive and professional marketing activity cannot, in the last analysis, overcome the deficiencies of the product. A major cause for concern to the Board centres around the anticipated large-scale redundancies at the Devonport Dockyard. On the positive side, however, the uncertainty surrounding the ship-repair facilities at Falmouth has at last been resolved.

Sixty new applications for assistance under Section 7 of the Industrial Development Act 1982 to a total value of £9.1 million were received during the year. Fifty-eight offers of assistance totalling £5.7 million were made on projects costing £37 million which were estimated to provide 1,923 additional jobs and safeguard a further 169 jobs.

From the introduction of the Industry Act 1972 to 31 March 1985 a total of 601 applications have been received resulting in 457 offers amounting to £31.4 million on projects estimated to cost £266 million and expected to provide 20,888 jobs. Despite somewhat limited follow up facilities, we are satisfied that this programme has been substantially successful in creating the secure jobs predicted.

Prior to the cessation of the Office and Service Industries Scheme in November 1984 the level of interest had increased with ten applications received resulting in eight offers of assistance involving a total expectancy of 103 jobs. Eight applications for Exchange Risk Cover in support of borrowing from the European Investment Bank were also received during the year. English Estates undertook a total of 11 projects during the year, four of which are now

outside the Assisted Area. The seven projects within the Assisted Area comprised of 30 workshop units, varying from 500 to 2,500 sq ft, together with an extension of 5,000 sq ft to an existing factory, and the start of work on the Derriford Business Park, Plymouth.

During the year Mr. A. Dearden was appointed to represent the Cinderford and Ross-on-Wye Travel-to-Work Area which gained Intermediate Area status following the Regional Policy Review in November 1984. Messrs Gilbert, Dwerryhouse and Hews all retired from the Board at the end of December 1984 following the expiry of their contracts. Their contributions to the work of the Board over a number of years are gratefully acknowledged, especially Mr. Gilbert's past spell as Chairman of the Board. Finally the Board welcomed the recognition of Mr. Bennett's services to the community over a number of years by the award of an MBE in the New Years Honours List.

K. E. HOLMES
Chairman

West Midlands Industrial Development Board

As a result of the 1984 Regional Policy Review a large part of the West Midlands Region achieved Intermediate Area status for the first time on 29 November 1984. The designated area is the second largest in the UK and includes about one-fifth of all UK employees located in Assisted Areas. It covers the industrial core of the Region, most of its manufacturing industry and three-quarters of the Region's labour force. After only four months of operation it is too soon to measure the effects of regional assistance in any of the economic indicators. However, during this period the West Midlands Regional Office has already processed more than 6,000 preliminary enquiries which have produced about 300 cases involving projects deemed to merit further consideration and involving a total estimated capital expenditure of £135 million, forecast to create or safeguard more than 13,000 jobs in the West Midlands Assisted Areas.

E. SWAINSON, CBE
Chairman

North West Industrial Development Board

Industry in the Region

1. There has been some improvement in business confidence during the last year but the extent has varied across sectors. The rate of recovery remains slow and although substantial investment has been made by some companies *there is no practicable possibility of a return to former levels of employment, which would require a large increase over past peak levels of output.* An increasing number of companies in the Region have announced improved results, but demand and profitability remains insufficient in many companies to generate the investment necessary if companies are to maintain their international competitiveness.

2. All businesses, particularly in manufacturing, have continued to be under pressure to contain costs and

increase efficiency through measures requiring further reductions in their labour forces. Increased demand can usually be satisfied without further recruitment.

3. The relatively poor performance of the Region's economy is reflected in the worsening of its per-capita Gross Domestic Product (GDP) relative to the UK average. Although the North West remains the second largest Region after the South East in terms of absolute GDP, on a per-capita basis it has fallen from 98.6 per cent of the UK average in 1978 down to 94.1 per cent in 1983 (latest figures), reflecting the fall in its manufacturing base.

4. A major deterrent to recovery and investment are the persistently high levels of real interest rates. Action needs to be taken by Government now that inflation is under control to bring interest rates down for industry. *The removal of the first year Capital Allowances will increasingly become a disincentive to investment and, for those companies able to do so, an incentive to invest overseas.* The Board was disappointed that they were not restored in the Budget.

5. Recent rapid fluctuations in exchange rates have highlighted the risks associated with exporting, and it would be useful if UK companies had (like some of their international competitors) access to lower cost money for industrially strategic purposes. The North West, with its higher dependence on the more traditional manufacturing, civil engineering and construction industries, would also benefit from a planned increase in infrastructure expenditure throughout Britain.

Unemployment

6. During the year over 35,000 jobs were lost through redundancies, of which 24,000 were in manufacturing; the worst affected sectors were Mechanical and Electrical Engineering, Food, Drink and Tobacco, Vehicles and Textiles. While this redundancy level is substantially less than the peak of 95,000 in 1980, it remains high relative to the declining employment base in manufacturing, and we are equally concerned that at least a third of these job losses involve complete plant closures. The manufacturing base of the North West has now shrunk from just under 1 million employees in 1978 to just under 700,000 in 1984—a 30 per cent loss. This decline has taken place across all sectors, but the heaviest cut-backs have been in the traditional industries of textiles and clothing, and mechanical and electrical engineering.

7. The numbers of unemployed claiming benefit has risen (April 1985) to 451,259 or 16.2 per cent of the workforce. One half of male claimants have now been unemployed for a year or more. Between 1976 and 1984 there was a marginal decrease (around 2 per cent) in the available workforce in the region, but the numbers in employment dropped by much more (around 11 per cent) *highlighting the cause of unemployment as a contraction in economic activity.*

The Region has a high dependence on traditional manufacturing, and also service activities such as construction, transport and distribution, and we are concerned that the decline in these sectors has not been offset, as in some other regions, by a commensurate growth in modern technology-based industries and in business services. Where jobs are being created there is a tendency to use part-time staff which is likely to be accelerated by the new measures on National Insurance payments—which also militate

against rapid growth in high technology industries, with their reliance on highly paid staff. *We remain seriously concerned that there seems no early relief to the apparently intractable unemployment problems in the Region.*

Regional Policy

8. The Board welcomes the recognition given by the Secretary of State to the persistent problems of the traditional textile and engineering areas of the North West through the increased Assisted Area coverage from 5.9 per cent to 7.5 per cent of total GB working population.

We were disappointed that certain parts of South Manchester and neighbouring areas were not included in the new Assisted Area map, and also regret the omission of Burnley and Pendle Travel-to-Work Areas, which share similar problems to other areas in North East Lancashire which were designated.

9. The Board welcomes the recent announcement to set up City Action Teams to co-ordinate the programmes of Government Departments within the Partnership Areas of Manchester-Salford and Liverpool. We see this as a much-needed step to ensure that these areas can receive the maximum benefit from the pool of funds available.

10. We were unhappy that the level of Regional Development Grant assistance available to the areas of greatest need on Merseyside has been cut from 22 per cent to 15 per cent, since this may reduce the level of investment by the large multi-nationals who still have a major impact on employment there. *Merseyside remains the centre of the Region's social and economic problems.* There have, however, been some encouraging developments in the past year; the International Garden Festival was a great success, and the development of new museum and cultural facilities in Liverpool offers hopes of increased tourist activity. The Wavertree Technology Park is an initiative of considerable potential, but needs more tenants of the right type.

Selective Financial Assistance

11. Offers of selective financial assistance have been made during the year for 122 projects creating new jobs and 13 projects safeguarding employment. Assistance provided to the manufacturing sector amounts to £11 million in grants. A total of £950,000 was provided to service industries, £100,000 was accepted in grants for in-plant training projects. These projects in total involve the creation of 2,811 jobs and the safeguarding of 2,096 existing jobs. Total investment in all offers amounted to £97 million compared with £91 million in 1983-84; they included 18 projects individually involving investment of over £1 million, the same number of projects as in 1983-84.

Other measures

12. In last year's Report the Board welcomed the announcement that substantial assistance was to be given to parts of the Region under the European Regional Development Fund Special Measures, particularly to small firms in areas affected by the decline of the textile industry (although the definition of small firms which is currently used leaves us with some misgivings). *The Board is, therefore, especially encouraged with the initial response of small*

firms in these areas to the Business Improvement Services which were announced in November 1984 with an allocation for the North West of a little over £20 million scheduled to last to 31 March 1989. Seminars have been held at 14 different locations throughout the designated areas all of which were well attended. Applications have been received which represent potential grants of almost £2.5 million. It is most likely that some of the schemes will utilise their full funding well before the expiry date.

13. *On a more negative note the Board seriously regrets the rejection by the European Commission of the planned scheme submitted by the Department of Trade and Industry to stimulate investment in technologically advanced equipment in the clothing, footwear and textile industries.* Investment in such equipment is vital to safeguard the future of the remaining jobs in these sectors. This decision will further inhibit the competitive performance of North West firms especially in view of the significant amount of sectoral aid given to these industries in other Member States. Given the continued importance of the textile industry to the North West, *the forthcoming discussions on the renewal of the Multi-Fibre Agreement (MFA) are of vital importance.* Unless an effective MFA is retained for the foreseeable future, the confidence to continue investing in the industry will be lost. The MFA brings an essential order to international trade in textiles and clothing, particularly important in view of the growing presence of China as a supplier.

14. The reintroduction of the Support for Innovation Scheme after the five months moratorium is welcome, but while we are glad that a facility for small firms support has been explicitly reinstated we are less happy about the emphasis which will be given to highly innovative development work in larger firms. In our view, *encouragement for less advanced technical development in much of the traditional industry in the region is highly desirable.*

Regional promotion

15. *We feel there is a need for the Region to act together if significant inward investment is to be attracted* and we have watched with interest the debate on the nature of the successor body to NORWIDA. The proposal to establish a new commercially-oriented regional promotion organisation (INWARD) is one which we very much welcome, and which will, we hope, attract widespread support amongst County Councils and other bodies in the Region, including the private sector.

16. Tourism remains an under-exploited resource for generating new economic activity within the Region. We have already mentioned the initiatives being taken on Merseyside, but there is potential in many other parts of the North West, not only in Cumbria, which however remains the Region's major tourist asset.

Training

17. One of the paradoxes facing employers is that whilst unemployment in the Region is at record high levels an increasing number are reporting that they are unable to fill vacancies (both skilled and unskilled). Skilled workers who left the traditional industries and have taken jobs elsewhere often cannot be persuaded back and the earlier cutbacks in in-house training by companies responding to the recession

has resulted in a shortage of new skilled labour. At the same time there are shortages in people trained in the new technologies and in the number of places available on associate courses. The Region is also often unable to retain its best people who are attracted to better opportunities elsewhere. *The Board is concerned that many school leavers are of a low calibre in basic literacy/numeracy and are unsuited for training.*

Infrastructure

18. Good communications are vital to the economic well-being of any region. The North West already has a well established motorway network but gaps remain—in particular the Eastern section of the Manchester Outer Ring Road and the M65 link between Blackburn and the M6. The Board would like to see an acceleration in the remaining consultation stages for these schemes to ensure the earliest possible completion of these roads. The Board hopes to see early construction of the Windsor rail-link in Salford and supports the case for electrification of the railway between Manchester, Preston and Blackpool. *We do not accept the case that the UK's third international airport should be sited in the South East, and we regard it as essential for the well-being of the North West that maximum support be given to Manchester International Airport,* so as to maintain the impetus of its programme of developing aircraft facilities and services, including air freight from the North of England as a real alternative to airports in the South East. While we welcome the Freeport in Liverpool we regret that the opportunity was lost to establish one at Manchester.

19. It is important that as companies contain their costs and improve their own performance, recovery is not damaged by excessive charges over which they have no control. The Board considers that the rating burden on industry must be reduced. It welcomes the steps by some Local Authorities to consult with industrialists on proposals for new rating levels.

20. Overall, the rate of deterioration of the Region's economy has slackened over the past year. Hence the outlook is not wholly black; *we are conscious of the remaining strengths of industry and commerce in the Region; and the examples of some very successful companies,* and are guardedly optimistic that sooner or later the present very formidable problems will be overcome.

G. N. HAGUE, OBE, FCIS
Chairman

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Sections 11 and 15 of the Industrial Development Act 1982

Section 11

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

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

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

Section 15

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

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

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

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

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

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

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

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

APPENDIX 2

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

TABLE 1 ANALYSIS OF OFFERS BY REGION TO 31 MARCH 1985(a)

£ million

Region	Regional Development Grants (b)	Section 8					Totals	
		Section 7		General Investment Schemes		Other Measures		
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	Grants	Grants	Loans/Equity (c)
Scotland		330.3	44.0	26.0	nil	39.3	395.6	44.0
Wales		248.2	25.3	23.7	nil	9.9	281.8	25.3
North East		197.6	20.6	18.0	0.5	22.4	237.0	21.1
Yorkshire and Humberside		91.4	9.9	17.3	nil	84.6	193.3	9.9
East Midlands		35.8	1.1	16.9	nil	63.7	116.4	1.1
South East		nil	nil	43.4	0.4	150.5	193.9	0.4
South West		26.4	3.6	9.0	nil	48.8	84.2	3.6
West Midlands		0.7	0.1	40.2	0.3	85.6	126.5	0.4
North West		233.7	28.6	21.4	nil	91.3	346.4	28.6
Northern Ireland		nil	nil	nil	nil	6.2	6.2	nil
Mixed		nil	nil	13.1	4.9	0.3	13.4	4.9
TOTAL		1,164.1	133.2	229.0	6.1	602.6	1,995.7	139.3

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

(b) Figures for offers are not appropriate.

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

TABLE 2 ANALYSIS OF PAYMENTS BY REGION TO 31 MARCH 1985(a)

£ million

Region	Regional Development Grants (b)	Section 8					Totals	
		Section 7		General Investment Schemes		Other Measures		
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	Grants	Grants	Loans/Equity (c)
Scotland	1,381.2	160.3	42.0	19.7	nil	28.9	1,590.1	42.0
Wales	862.4	130.2	22.7	19.0	nil	6.7	1,018.3	22.7
North East	1,330.0	110.5	18.2	5.5	0.5	11.1	1,457.1	18.7
Yorkshire and Humberside	303.2	65.4	9.3	16.6	nil	60.9	446.1	9.3
East Midlands	44.5	23.8	1.1	14.4	nil	43.4	126.1	1.1
South East	nil	nil	nil	33.6	0.4	88.8	122.4	0.4
South West	82.5	15.7	3.5	7.7	nil	29.7	135.6	3.5
West Midlands	2.7	0.1	0.1	29.3	0.2	46.7	78.8	0.3
North West	842.0	171.7	26.7	29.3	nil	57.4	1,100.4	26.7
Northern Ireland	nil	nil	nil	nil	nil	2.8	2.8	nil
Mixed	nil	nil	nil	11.7	4.9	0.2	11.9	4.9
TOTAL	4,848.5	677.7	123.6	186.8	6.0	376.6	6,089.6	129.6

(a) This table summarises assistance described in Appendices 4 (Tables 3 and 5), 6 and 12 (excluding the Energy Conservation, Certification and Steel Castings Rationalisation Schemes).

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

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

APPENDIX 3

Unemployment statistics (a)

TABLE THE UNEMPLOYED 1984 (TWELVE MONTHLY AVERAGE FOR THE CALENDAR YEAR)

<i>Region</i>	<i>Number (000)</i>	<i>Per cent</i>
Scotland	341.6	15.1
Development Area	209.0	18.5
Intermediate Area	53.4	16.2
Wales	173.3	16.3
Development Area	70.1	18.6
Intermediate Area	89.7	15.5
North East (b)	231.0	18.3
Development Area	186.4	20.5
Intermediate Area	23.8	14.7
Yorkshire and Humberside	294.1	14.4
Development Area	32.3	19.9
Intermediate Area	145.8	15.7
East Midlands	181.7	12.1
Development Area	5.3	22.9
Intermediate Area	1.9	15.4
East Anglia	78.9	10.2
South East (c)	746.5	9.5
South West	195.0	11.4
Development Area	12.7	19.9
Intermediate Area	25.2	14.7
West Midlands	352.6	15.2
Intermediate Area	274.7	16.8
North West	443.5	16.0
Development Area	187.8	19.5
Intermediate Area (d)	176.2	14.8
All Development Areas	703.5	19.4
All Intermediate Areas (d)	790.7	15.8
All other areas (d)	1,544.1	10.4
Great Britain	3,038.3	12.9

Notes:

- (a) Data are based on the number of claimants of unemployment benefit and on Assisted Area boundaries at 29 November 1984. Percentage rates are based on mid-1984 estimates of employees in employment plus employed. Data for Travel-to-Work Areas (TTWA's) are aggregated to the closest approximation of Standard Planning Regions.
- (b) The figures for the North East Region include Cumbria.
- (c) In this table only, the figures for the South East Region do not include East Anglia.
- (d) Because data relating to estimates of employees are not available below TTWA level, for the purpose of this table the Manchester TTWA is treated as being entirely of Intermediate Area status.

Regional Development Grants

Regional Development Grants are payable under Part II of the Act. On 29 November 1984 there came into force a new Regional Development Grant Scheme by virtue of the substitution of a new Part II of the Act for the old one. However, the old Scheme continued in force under the transitional arrangements in the Co-operative Development Agency and Industrial Development Act (Commencement) Order 1984, and nearly all payments made in the year were made under the old Scheme.

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

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

The rates of grant are 22 per cent in the Special Development Areas and 15 per cent in the Development Areas.

Regional Development Grants are tax free, and are not treated as reducing capital expenditure which qualifies for tax allowance. Applications have to be received by the relevant Government Department not later than two years after the end of the quarter during which the asset was provided.

Under the transitional provisions in the Commencement Order grant may be paid after 28 November 1984 under the old Scheme and on the basis of the former map of Assisted Areas only in respect of:

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

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

In January 1985 it was announced that there would be a moratorium of four months on payments of

approved applications under the old Regional Development Grant (RDG) Scheme in order to reduce expenditure on regional industrial incentives in 1985–86 to what it had previously been expected to be.

New Regional Development Grants

Under the revised Scheme RDG is payable towards approved projects of investment in the productive capacity or the productive processes of an undertaking in the Development Areas. The Development Areas for this purpose are those designated in the Assisted Areas Order 1984. That Order did not designate any Special Development Areas.

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

The Qualifying Activities Order 1984 re-enacted the existing qualifying activities but on the basis of the 1980 rather than the 1968 Standard Industrial Classification, and in addition specified various new qualifying activities, mainly in the service sector, eg computer services, venture capital providers and mail order houses.

Grant towards approved projects is calculated as the higher of 15 per cent of eligible capital expenditure (broadly as under the old Scheme) or £3,000 for each net new job created in the activities to which the project relates. The net number of jobs created by a project for RDG purposes is expressed in terms of full time equivalents. It is the number of such jobs created by the project in the Development Areas in the undertaking concerned, minus any such jobs lost as a direct result of the project in that undertaking in the Development Areas or in Northern Ireland, minus also any such net job losses which so arise in the Intermediate Areas. In the case of projects of undertakings employing more than 200 people, grant calculated on the basis of capital expenditure is limited to £10,000 for each net new job created. In the case of undertakings which employ 200 or fewer people, the maximum grant calculated on the basis of capital expenditure is £75,000 (15 per cent of £500,000) or £10,000 multiplied by the number of net new jobs created, whichever is the higher. Employees of associated undertakings are taken into account in this context.

TABLE 1 OLD REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY GROUPS OF QUALIFYING ACTIVITIES £'000

Standard Industrial Classification Orders (SIC 1968)	1984-85			1972-73 to 1984-85		
	Plant and machinery(a)	Buildings and works(a)	Total	Plant and machinery(a)	Buildings and works(a)	Total
	Grant paid			Grant paid		
II Mining and quarrying	529	108	637	104,776	9,029	113,805
III Food, drink and tobacco	37,290	7,648	44,938	333,157	149,310	482,467
IV Coal and petroleum products	22,429	4,600	27,029	409,743	79,387	489,130
V Chemicals and allied industries	90,211	18,502	108,713	946,703	196,442	1,143,145
VI Metal manufacture	41,251	8,461	49,712	521,767	160,189	681,956
VII Mechanical engineering	19,327	3,964	23,291	190,816	91,511	282,327
VIII Instrument engineering	3,852	790	4,642	31,366	9,341	40,707
IX Electrical engineering	30,158	6,186	36,344	178,959	60,774	239,733
X Shipbuilding and marine engineering	3,258	668	3,926	42,013	32,207	74,220
XI Vehicles	12,991	2,665	15,656	166,759	49,835	216,594
XII Metal goods not elsewhere specified	7,122	1,461	8,583	79,836	39,734	119,570
XIII Textiles	5,982	1,227	7,209	83,510	40,678	124,188
XIV Leather, leather goods and furs	520	107	627	4,473	2,654	7,127
XV Clothing and footwear	4,587	941	5,528	30,493	14,121	44,614
XVI Bricks, pottery, glass, cement etc	13,133	2,694	15,827	149,386	47,338	196,724
XVII Timber, furniture etc	8,644	1,773	10,417	51,788	33,979	85,767
XVIII Paper, printing and publishing	25,506	5,231	30,737	170,356	61,066	231,422
XIX Other manufacturing industries	9,660	1,981	11,641	84,597	30,628	115,225
XX Construction	300	61	361	103,032	7,274	110,306
Other	3,993	819	4,812	33,355	15,796	49,151
Total	340,743	69,887	410,630	3,716,885	1,131,293	4,848,178

(a) Since 1982-83, the split between plant and machinery and buildings and works has been estimated from a sample of applications.
 Note: The activities described in Orders II and XX of the Standard Industrial Classification ceased to be qualifying activities as from 31 October 1976.

TABLE 2 OLD REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY REGION IN 1984-85 £'000

Region	Plant and machinery (a)			Buildings and works (a)				Total plant and machinery and buildings and works
	SDA	DA	Total	SDA	DA	IA	Total	
Scotland	62,566	28,518	91,084	12,274	5,595	nil	17,869	108,953
Wales	50,827	26,577	77,404	10,044	5,252	nil	15,296	92,700
North East	46,470	30,119	76,589	7,502	4,862	nil	12,364	88,953
Yorkshire and Humberside	nil	23,037	23,037	nil	3,639	76	3,715	26,752
East Midlands	nil	2,973	2,973	nil	820	56	876	3,849
South West	1,328	6,590	7,918	262	1,302	nil	1,564	9,482
North West	56,317	5,421	61,738	16,268	1,566	369	18,203	79,941
Total	217,508	123,235	340,743	46,350	23,036	501	69,887	410,630

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

TABLE 3 OLD REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY REGION IN 1972-73 TO 1984-85 £'000

Region	Plant and machinery (a)			Buildings and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total	SDA	DA	IA	DLCA		Total
Scotland	549,069	543,210	1,092,279	152,936	130,029	5,702	nil	288,667	1,380,946
Wales	273,881	433,907	707,788	53,328	83,473	17,817	nil	154,618	862,406
North East	463,451	641,942	1,105,393	107,188	117,323	nil	nil	224,511	1,329,904
Yorkshire and Humberside	nil	134,645	134,645	nil	31,976	136,543	nil	168,519	303,164
East Midlands	nil	19,692	19,692	nil	3,558	17,309	3,979	24,846	44,538
South West	6,135	55,234	61,369	1,882	14,341	4,947	nil	21,170	82,539
West Midlands	nil	nil	nil	nil	nil	680	2,013	2,693	2,693
North West	512,029	83,690	595,719	109,200	13,809	123,260	nil	246,269	841,988
Total	1,804,565	1,912,320	3,716,885	424,534	394,509	306,258	5,992	1,131,293	4,848,178

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

TABLE 4 NEW REGIONAL DEVELOPMENT GRANTS: VALUE OF GRANTS OFFERED(a) AND PAYMENTS BY TYPE OF INDUSTRY FROM 29 NOVEMBER 1984 TO 31 MARCH 1985 £'000

<i>Standard Industrial Classification Orders (SIC 1980)</i>	<i>Assistance offered</i>	<i>Payments</i>
1. Energy and water supply industries	nil	nil
2. Extraction of minerals and ores other than fuels; manufacture of metals and mineral products and chemicals	427	nil
3. Metal goods, engineering and vehicle industries	879	9
4. Other manufacturing industries	2,412	287
7. Transport and communications	45	nil
8. Banking, Finance, Insurance, Business Services and Leasing	1,253	12
9. (i) Industrial Research and Development in specialised research establishments only	935	nil
(ii) Football Pools only	nil	nil
Other	7	nil
Total	5,958	308

(a) In this Table and in Table 5, "Grants offered" means: in the case of projects completed at the time of approval, the actual amounts of grant paid; and in other cases, the expected grant at the time of approval.

TABLE 5 NEW REGIONAL DEVELOPMENT GRANTS: VALUE OF GRANTS OFFERED(a) AND PAYMENTS BY REGION FROM 29 NOVEMBER 1984 TO 31 MARCH 1985 £'000

<i>Region</i>	<i>Assistance offered</i>	<i>Payments</i>
Scotland	1,619	230
Wales	123	nil
North East	2,212	67
Yorkshire and Humberside	355	11
East Midlands	1,048	nil
South West	28	nil
North West	573	nil
Total	5,958	308

(a) See note to Table 4.

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. The criteria for the use of these powers were set out in the document *Criteria for Assistance to Industry* which was notified to Parliament on 12 January 1976, to which two further criteria were added when changes in Regional Policy were announced in July 1979. Under the provisions of the Government's White Paper *Regional Industrial Developments* of December 1983, further changes in Regional Policy were announced on 28 November 1984 which came into effect immediately. The Office and Service Industries Scheme was discontinued and service industry became eligible for assistance under mainstream Section 7. Also, those re-location projects where there is no net increase in jobs will now normally be excluded from Regional Selective Assistance.

Projects qualifying for assistance fall into two broad categories:

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

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

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

(a) *Viability*

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

(b) *Proof of Need*

The applicant must demonstrate either:

- (i) that the project will not take place at all without assistance; or
- (ii) that assistance will lead to a significant change in the nature or scale of the project or a significant advancement in its timing or its location in the Assisted Areas;

(c) *Efficiency*

Assistance is provided only for projects which seem likely to strengthen the regional and national economy and thereby provide more productive and more secure jobs, eg by improving efficiency or by the introduction of new technology or products;

(d) *Employment Link*

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

(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, construction and mining industries are eligible. Assistance to the service industries is confined to mobile projects, ie those serving a wider than purely local market. Projects serving primarily local needs, eg retail shops or similar local services, are not eligible.

Projects are not normally assisted under Section 7 if adequate provision for Government assistance is made under specified schemes, eg Ministry of Agriculture, Fisheries and Food schemes for agricultural, horticultural and fishery projects and the provision for tourist projects under the Development of Tourism Act 1969, or if assistance is being sought under alternative schemes.

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.

Other forms of assistance which may be offered are:

- (a) a grant under the In-plant Training Scheme (see below); and
- (b) Exchange Risk Cover on medium-term foreign currency loans from the European Investment Bank or the European Coal and Steel Community (see Appendix 8).

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

Office and Service Industries Grants

Special grants were available to undertakings classified under Orders XXII to XXVI of the Standard Industrial Classification, and to undertakings classified under other orders in respect of their 'non-production' activities. An undertaking setting up, expanding in, or moving to the Assisted Areas and serving predominantly industrial or commercial users or obtaining a substantial part of its business from outside the immediate locality could be considered for:

- (a) a maximum grant of £8,000 in Special Development Areas; £5,000 in Development Areas; and £2,500 in Intermediate Areas for

each job created there within three years of the start of a project;

- (b) a fixed non-taxable removal grant of £2,000 to essential staff moving with their work to the Assisted Areas up to a limit of 30 per cent of the jobs being increased;
- (c) a contribution to the cost of outside consultants commissioned to determine the feasibility of establishing a particular activity in an Assisted Area.

Purely local consumer activities, eg retail outlets, public houses, garages etc were not eligible for assistance.

Procedures and Delegation

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

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

At 31 March 1985, Regional Offices of the Department of Trade and Industry, with the assistance of their Industrial Development Boards, had delegated authority to deal with cases within the following limits:

<i>Region</i>	<i>Maximum Grant Regional Office can authorise</i>	<i>Maximum Size of Project Regional Office can appraise</i>
North East	£2 million	£10 million
North West		
Yorkshire and Humberside		
South West	£1 million	£5 million
East Midlands		
West Midlands		

In-Plant Training Scheme

The Scheme applies to projects in manufacturing and service industries in the Assisted Areas. All sectors of manufacturing industry are eligible but there are restrictions on certain projects in the textile, clothing, footwear and leather sectors.

Eligibility

The Training Scheme forms part of the regional aid package and in order to qualify for assistance, projects must therefore satisfy the Section 7 criteria. In addition, training assistance is only provided where training is an essential part of the project and accounts for a significant proportion of total project costs.

The Scheme is concerned solely with training directly associated with an investment project. It follows that normal replacement training and on-going training programmes are not eligible for assistance. Similarly, the training of apprentices is not relevant to the Scheme. To satisfy the requirements of the European Social Fund, each trainee must receive a minimum 100 hours of actual training.

Amount and form of Assistance

Assistance takes the form of a grant up to a maximum of 40 per cent of eligible training costs. This attracts a matching grant from the European Social Fund. Both grants are payable in instalments related to the progress of the training programme; 50 per cent once the programme starts, and 50 per cent on completion.

Eligible Costs

Eligible costs are:

- (a) the basic wage costs of trainees for the duration of the training programme;
- (b) the basic wage costs of instructors for the duration of the training programme or, alternatively, where companies make use of the direct training services available from the Manpower Services Commission (MSC) or hire an outside firm to supervise the training on their behalf, the full cost of the service provided by MSC or the firm concerned;
- (c) the net cost of manufactured parts or raw materials consumed in the course of training;
- (d) the travel and subsistence expenses of trainees and instructors where training takes place away from their normal place of work.

Statistics relating to Section 7 of the Industrial Development Act 1982

1. These tables give details of Regional Selective Assistance described in paragraphs 5 to 9 of the Report.

2. The figures of estimated employment associated with projects receiving assistance are gross figures (in that no offset has been made for job losses attributable, for instance, to the re-location of projects from non-Assisted Areas).

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

TABLE 1 GREAT BRITAIN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985						
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New	Estimated Employment Safeguarded	
<i>Special Development Areas</i>												
Loans/Equity	nil	nil	nil	nil	nil	211	66,831		59,953			
Old Criteria Grants	nil	nil	nil	nil	nil	1,739	233,471	6,489,095	189,263	231,468	135,654	
OSIS Grants	70	4,541	1,509,024	24,205	9,845	459	36,399					15,912
Project Grants	385	115,915				1,451	349,285					120,967
Training Grants	29	8,602				76	21,942					6,248
Total Grants	484	129,058				1,509,024	24,205	9,845	3,725	641,097	6,489,095	332,390
<i>Development Areas</i>												
Loans/Equity	nil	nil	nil	nil	nil	145	38,781		37,763			
Old Criteria Grants	nil	nil	nil	nil	nil	1,341	132,825	3,814,733	118,156	141,519	63,483	
OSIS Grants	43	2,546	525,469	12,665	4,344	318	23,998					13,334
Project Grants	232	35,111				968	147,259					60,610
Training Grants	14	2,548				38	5,960					1,915
Total Grants	289	40,205				525,469	12,665	4,344	2,665	310,042	3,814,733	194,015
<i>Intermediate Areas</i>												
Loans/Equity	nil	nil	nil	nil	nil	133	27,625		25,825			
Old Criteria Grants	nil	nil	nil	nil	nil	2,226	103,601	2,549,302	87,252	159,384	85,096	
OSIS Grants	10	129	61,886	3,100	1,057	425	15,404					11,976
Project Grants	114	6,861				982	91,313					50,454
Training Grants	2	29				9	2,741					1,652
Total Grants	126	7,019				61,886	3,100	1,057	3,642	213,059	2,549,302	151,334
<i>All Assisted Areas</i>												
Loans/Equity	nil	nil	nil	nil	nil	489	133,237		123,541 (a)79,978			
Old Criteria Grants	nil	nil	nil	nil	nil	5,306	469,897	12,853,130	394,671	532,371	284,233	
OSIS Grants	123	7,216	2,096,559	39,970	15,246	1,202	75,801					41,222
Project Grants	731	157,887				3,401	587,857					232,031
Training Grants	45	11,179				123	30,643					9,815
Total Grants	899	176,282				2,096,559	39,970	15,246	10,032	1,164,198	12,853,130	677,739

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

(a) Repayment of loans.

TABLE 2 SCOTLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

Offers accepted 1.4.84 to 31.3.85						Cumulative offers accepted to 31 March 1985					
Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment		
			New	Safeguarded					New	Safeguarded	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	76	21,932		20,668		
Old Criteria Grants	nil	nil	nil	nil	nil	574	83,593	2,637,326	62,340	94,343	
OSIS Grants	29	3,264	729,206	10,235	5,443	120	14,046		3,981		
Project Grants	166	41,875				541	131,300		43,336		
Training Grants	19	7,749				31	16,028		2,603		
Total Grants	214	52,888				729,206	10,235	5,443	1,266	244,967	2,637,326
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	45	20,950		20,741		
Old Criteria Grants	nil	nil	194,792	1,502	1,084	479	42,007	999,941	32,392	40,648	
OSIS Grants	1	20				19	603		351		
Project Grants	29	6,712				98	21,154		6,478		
Training Grants	2	87				4	832		94		
Total Grants	32	6,819	194,792	1,502	1,084	600	64,596	999,941	39,315	40,648	26,482
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	4	1,090		590		
Old Criteria Grants	nil	nil	5,987	100	340	29	1,863	205,569	1,611	5,167	
OSIS Grants	nil	nil				14	396		326		
Project Grants	7	809				120	18,473		6,824		
Training Grants	nil	nil				nil	nil		nil		
Total Grants	7	809	5,987	100	340	163	20,732	205,569	8,761	5,167	7,307
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	125	43,972		41,999 (a)79,398		
Old Criteria Grants	nil	nil	929,985	11,837	6,867	1,082	127,463	3,842,836	96,343	140,158	
OSIS Grants	30	3,284				153	15,045		4,658		
Project Grants	202	49,396				759	170,927		56,638		
Training Grants	21	7,836				35	16,860		2,697		
Total Grants	253	60,516	929,985	11,837	6,867	2,029	330,295	3,842,836	160,336	140,158	73,294

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

TABLE 3 WALES: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

Offers accepted 1.4.84 to 31.3.85						Cumulative offers accepted to 31 March 1985					
Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New	Estimated Employment Safeguarded
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	53	16,380		13,850		
Old Criteria Grants	nil	nil	nil	nil	nil	264	23,732	1,055,051	13,395	41,970	10,889
OSIS Grants	6	208	161,145	4,479	2,302	50	3,192		1,298		
Project Grants	64	21,213				287	70,669		19,903		
Training Grants	1	75				10	1,798		1,232		
Total Grants	71	21,496				161,145	4,479	2,302	611	99,391	1,055,051
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	58	8,726		8,579		
Old Criteria Grants	nil	nil	nil	nil	nil	350	64,688	1,288,950	62,493	44,685	20,105
OSIS Grants	21	1,814	180,704	5,721	1,180	126	9,617		4,285		
Project Grants	100	13,509				360	57,881		17,528		
Training Grants	4	1,099				9	1,997		713		
Total Grants	125	16,422				180,704	5,721	1,180	845	134,183	1,288,950
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	10	243		243		
Old Criteria Grants	nil	nil	nil	nil	nil	94	4,750	197,448	4,456	8,982	4,611
OSIS Grants	2	35	2,384	338	150	51	1,328		933		
Project Grants	11	380				81	8,531		3,913		
Training Grants	nil	nil				nil	nil		nil		
Total Grants	13	415				2,384	338	150	226	14,609	197,448
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	121	25,349		22,672 (a)17,633		
Old Criteria Grants	nil	nil	nil	nil	nil	708	93,170	2,541,449	80,344	95,637	35,605
OSIS Grants	29	2,057	344,233	10,538	3,632	227	14,137		6,516		
Project Grants	175	35,102				728	137,081		41,344		
Training Grants	5	1,174				19	3,795		1,945		
Total Grants	209	38,333				344,233	10,538	3,632	1,682	248,183	2,541,449

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

TABLE 4 ENGLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

Offers accepted 1.4.84 to 31.3.85						Cumulative offers accepted to 31 March 1985					
Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment		
			New	Safeguarded					New	Safeguarded	
<i>Special Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	82	28,519		25,435		
Old Criteria Grants	nil	nil	nil	nil	nil	901	126,146	2,796,718	113,528	95,155	85,260
OSIS Grants	35	1,069	618,673	9,491	2,100	289	19,161				
Project Grants	155	52,827				623	147,316				
Training Grants	9	778				35	4,116				
Total Grants	199	54,674				618,673	9,491	2,100	1,848	296,739	2,796,718
<i>Development Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	42	9105		8,443		
Old Criteria Grants	nil	nil	nil	nil	nil	512	26,130	1,525,842	23,271	56,186	16,896
OSIS Grants	21	712	150,153	5,442	2,080	173	13,778				
Project Grants	103	14,890				510	68,224				
Training Grants	8	1,362				25	3,131				
Total Grants	132	16,964				150,153	5,442	2,080	1,220	111,263	1,525,842
<i>Intermediate Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	119	26,292		24,992		
Old Criteria Grants	nil	nil	nil	nil	nil	2,103	96,988	2,146,285	81,185	145,235	73,178
OSIS Grants	8	94	53,515	2,662	567	360	13,680				
Project Grants	96	5,672				781	64,309				
Training Grants	2	29				9	2,741				
Total Grants	106	5,795				53,515	2,662	567	3,253	177,718	2,146,285
<i>All Assisted Areas</i>											
Loans/Equity	nil	nil	nil	nil	nil	243	63,916		58,870 (a)42,887		
Old Criteria Grants	nil	nil	nil	nil	nil	3,516	249,264	6,468,845	217,984	296,576	175,334
OSIS Grants	64	1,875	822,341	17,595	4,747	822	46,619				
Project Grants	354	73,389				1,914	279,849				
Training Grants	19	2,169				69	9,988				
Total Grants	437	77,433				822,341	17,595	4,747	6,321	585,720	6,468,845

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

TABLE 5 NORTH EASTERN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New	Estimated Employment Safeguarded
Loans/Equity	nil	nil	nil	nil	nil	69	20,624		18,238 (a)15,255		
Old Criteria Grants	nil	nil	nil	nil	nil	685	58,838	2,476,154	50,634	80,877	44,044
OSIS Grants	22	538	594,647	9,934	2,263	188	11,728				
Project Grants	114	49,556				504	123,928				
Taining Grants	11	1,235				33	3,139				
Total Grants	147	51,329				594,647	9,934	2,263	1,410	197,633	2,476,154

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

TABLE 6 YORKSHIRE AND HUMBERSIDE: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New	Estimated Employment Safeguarded
Loans/Equity	nil	nil	nil	nil	nil	58	9,928		9,282 (a)7,812		
Old Criteria Grants	nil	nil	nil	nil	nil	962	36,408	1,084,521	31,685	73,135	29,988
OSIS Grants	10	276	44,342	1,861	208	197	8,785				
Project Grants	70	4,965				437	43,590				
Training Grants	3	163				8	2,655				
Total Grants	83	5,404				44,342	1,861	208	1,604	91,438	1,084,521

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

TABLE 7 EAST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New	Estimated Employment Safeguarded	Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New	Estimated Employment Safeguarded
Loans/Equity	nil	nil	nil	nil	nil	18	1,139		1,058 (a)965		
Old Criteria Grants	nil	nil	nil	nil	nil	248	5,113	286,022	4,643	24,388	2,584
OSIS Grants	5	135	42,505	1,581	140	55	9,427				
Project Grants	34	4,506				210	20,623				
Training Grants	1	25				8	667				
Total Grants	40	4,666				42,505	1,581	140	521	35,830	286,022

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

TABLE 8 SOUTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985							
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment			
				New	Safeguarded					New	Safeguarded		
Loans/Equity	nil	nil	nil	nil	nil	27	3,557		3,491 (a)2,793				
Old Criteria Grants	nil	nil	nil	nil	nil	237	11,000	258,299	9,715	16,172	4,576		
OSIS Grants	3	64	44,486	1,402	35	28	625						
Project Grants	24	3,867				105	13,411					5	1,316
Training Grants	1	598				5	1,316						
Total Grants	28	4,529				44,486	1,402	35	375	26,352	258,299	15,727	16,172

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

TABLE 9 WEST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment	
				New	Safeguarded					New	Safeguarded
Loans/Equity	nil	nil	nil	nil	nil	1	60		60 (a)60		
Old Criteria Grants	nil	nil	nil	nil	nil	12	127	8,826	121	510	5
OSIS Grants	nil	nil	nil	nil	nil	nil	nil				
Project Grants	6	600	6,817	254	5	6	600				
Training Grants	nil	nil	nil	nil	nil	nil	nil				
Total Grants	6	600	6,817	254	5	18	727	8,826	121	510	5

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

TABLE 10 NORTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1984 TO 31 MARCH 1985

	Offers accepted 1.4.84 to 31.3.85					Cumulative offers accepted to 31 March 1985							
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment			
				New	Safeguarded					New	Safeguarded		
Loans/Equity	nil	nil	nil	nil	nil	70	28,608		26,741 (a)16,002				
Old Criteria Grants	nil	nil	nil	nil	nil	1,372	137,778	2,355,023	121,186	101,494	94,137		
OSIS Grants	24	862	89,544	2,563	2,096	354	16,054						
Project Grants	106	9,895				652	77,697						
Training Grants	3	148				15	2,211						
Total Grants	133	10,905				89,544	2,563	2,096	2,393	233,740	2,355,023	171,663	101,494

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

TABLE 11 CUMULATIVE OFFERS AND PAYMENTS BY TYPE OF INDUSTRY TO 31 MARCH 1985(a)

Standard Industrial Classification Orders (SIC 1968)	OFFERS						PAYMENTS					
	Loans/Equity		Old Criteria Grants		Project Grants		Training Grants		Payments Value £'000	Associated Project Costs £'000	Estimated Employment	
	Number	Value £'000	Number	Value £'000	Number	Value £'000	Number	Value £'000			New	Safe
I Agriculture, Forestry and Fishing	1	25	9	124	9	347	nil	nil	367	3,049	186	156
II Mining and Quarrying	4	1,290	16	1,661	23	1,698	nil	nil	4,183	30,153	1,177	1,113
III Food, Drink and Tobacco	31	4,927	450	29,345	282	50,035	4	229	53,195	978,725	36,491	13,833
IV Coal and Petroleum Products	1	100	19	237	5	2,638	nil	nil	694	38,145	444	499
V Chemicals and Allied Industries	23	7,570	410	31,329	248	41,399	6	857	55,938	1,749,545	27,946	9,762
VI Metal Manufacture	33	12,333	262	16,771	167	24,702	3	66	42,710	523,814	18,338	18,864
VII Mechanical Engineering	81	18,801	753	66,506	416	69,109	17	8,163	105,150	1,372,269	71,000	33,269
VIII Instrument Engineering	11	871	122	12,698	91	13,603	3	732	10,114	267,254	20,355	2,122
IX Electrical Engineering	44	21,144	413	74,325	373	139,060	33	12,706	125,795	2,498,561	86,107	67,288
X Shipbuilding and Marine Engineering	20	5,556	67	12,888	30	4,508	1	2,367	14,471	210,639	12,852	5,078
XI Vehicles	15	11,338	212	104,279	110	60,955	7	720	118,027	1,501,435	33,579	37,075
XII Metal goods not elsewhere stated	32	5,826	504	15,609	251	17,540	3	82	27,117	407,837	26,525	8,253
XIII Textiles	45	11,915	478	29,510	270	31,991	6	1,033	51,249	682,226	33,660	35,158
XIV Leather, Leather goods and Fur	3	2,940	25	571	13	886	nil	nil	3,895	21,119	1,381	1,479
XV Clothing and Footwear	25	1,899	197	7,690	169	17,070	20	2,319	18,675	224,919	34,300	6,663
XVI Bricks, Pottery, Glass, Cement etc	15	2,569	158	12,562	131	14,181	1	12	19,948	427,967	12,171	10,298
XVII Timber furniture etc	28	3,642	306	10,006	198	13,656	6	214	20,559	287,876	22,487	3,663
XVIII Paper, Printing and Publishing	30	6,517	382	16,850	281	31,337	6	377	32,611	715,955	21,308	14,558
XIX Other Manufacturing Industries	43	13,131	390	19,454	246	39,700	4	479	40,107	617,981	27,058	11,000
XX Construction	4	843	77	2,249	40	7,442	nil	nil	6,314	95,918	5,244	2,328
XXI Gas, Electricity and Water	nil	nil	nil	nil	2	147	nil	nil	nil	2,060	56	nil
XXII To XXVII Service Industries	nil	nil	56	5,233	46	5,853	3	287	8,939	86,616	4,998	1,774
Total	489	133,237	5,306	469,897	3,401	587,857	123	30,643	760,058	12,744,063	497,663	284,233

(a) Excluding Office and Service Industries Scheme

TABLE 12: OFFERS ACCEPTED BY FINANCIAL YEAR FOR GREAT BRITAIN

Financial Year	Loans/Equity		Old Criteria Grants		Project Grants		Training Grants		OSIS Grants		Total		Associated Project Costs £'000	Estimated Employment	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value		Value	Costs
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1972-73	42	6,191	31	361	nil	nil	nil	nil	nil	nil	73	6,552	27,398	6,290	710
1973-74	185	26,415	495	20,197	3	199	nil	nil	16	326	699	47,137	444,003	55,792	1,717
1974-75	98	30,205	646	28,577	2	9	nil	nil	80	2,274	826	61,065	492,871	56,896	12,838
1975-76	73	41,271	609	37,006	2	1,024	nil	nil	72	1,699	756	81,000	631,499	39,862	26,274
1976-77	45	14,609	731	48,647	1	15	nil	nil	55	3,335	832	66,606	699,320	45,771	24,724
1977-78	32	10,775	798	124,064	3	128	nil	nil	153	6,400	986	141,367	1,502,020	43,794	27,740
1978-79	11	3,151	981	93,839	2	68	nil	nil	163	6,342	1,157	103,400	1,293,964	50,423	33,692
1979-80	2	120	800	88,830	211	33,613	1	120	162	10,002	1,176	132,685	1,393,522	56,272	35,644
1980-81	nil	nil	210	27,983	294	73,430	8	1,000	60	5,231	572	107,644	1,148,997	34,952	28,088
1981-82	nil	nil	4	269	511	81,128	21	6,988	63	7,845	599	96,230	857,312	29,057	19,478
1982-83	1	500	nil	nil	824	108,428	23	7,130	121	15,739	969	131,797	989,818	35,289	25,975
1983-84	nil	nil	1	124	817	131,928	25	4,226	134	9,392	977	145,670	1,275,847	38,003	32,107
1984-85	nil	nil	nil	nil	731	157,887	45	11,179	123	7,216	899	176,282	2,096,559	39,970	15,246
Total	489	133,237	5,306	469,897	3,401	587,857	123	30,643	1,202	75,801	10,521	1,297,435	12,853,130	532,371	284,233

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

TABLE 13 SUMMARY OF OFFERS ACCEPTED BY REGION

£'000

Financial Year	Scotland		Wales		North Yorkshire and East Humberside		East Midlands		South West		West Midlands		North West		Total
1972-73	3,401	1,408	928	437	200	93	nil	85	6,552						
1973-74	10,477	10,989	7,110	6,863	672	387	nil	10,639	47,137						
1974-75	22,020	6,861	5,573	5,017	702	1,587	60	19,243	61,065						
1975-76	26,241	19,117	6,965	5,474	1,574	616	17	21,003	81,000						
1976-77	18,508	10,902	14,640	7,861	879	1,409	23	12,384	66,606						
1977-78	18,450	48,349	14,258	3,600	667	2,256	25	53,762	141,367						
1978-79	19,902	10,418	19,994	10,297	1,118	1,896	24	39,751	103,400						
1979-80	36,243	21,124	26,774	9,368	528	6,980	24	31,644	132,685						
1980-81	37,770	14,357	24,953	5,847	2,608	1,664	14	20,431	107,644						
1981-82	27,280	17,079	13,698	14,933	5,055	1,173	nil	17,012	96,230						
1982-83	53,284	23,794	14,636	11,975	11,262	4,352	nil	12,494	131,797						
1983-84	40,175	50,801	17,399	14,297	7,036	2,967	nil	12,995	145,670						
1984-85	60,516	38,333	51,329	5,404	4,666	4,529	600	10,905	176,282						
Total	374,267	273,532	218,257	101,366	36,969	29,909	787	262,348	1,297,435						

TABLE 14 PAYMENTS MADE BY FINANCIAL YEAR FOR GREAT BRITAIN

£'000

Financial Year	Loans/ Equity	Old Criteria Grants	Project Grants	Training Grants	OSIS Grants	Total
1972-73	248	54	nil	nil	nil	302
1973-74	19,168	3,035	76	nil	nil	22,279
1974-75	17,002	13,353	5	nil	190	30,550
1975-76	45,526	21,316	37	nil	1,004	67,883
1976-77	23,815	19,323	58	nil	1,611	44,807
1977-78	9,125	32,315	31	nil	2,132	43,603
1978-79	6,909	92,733	107	nil	3,064	102,813
1979-80	1,500	70,344	1,564	nil	3,379	76,787
1980-81	100	59,953	9,520	23	5,141	74,737
1981-82	136	42,051	27,847	1,032	3,824	74,890
1982-83	12	27,750	54,670	1,771	5,237	89,440
1983-84	nil	9,423	64,274	3,415	9,062	86,174
1984-85	nil	3,021	73,842	3,574	6,578	87,015
Total	123,541	394,671	232,031	9,815	41,222	801,280

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

TABLE 15 EMPLOYMENT CREATED AND SAFEGUARDED TO 31 MARCH 1985(a)

Region	Offers Made to 31 March 1983 £'000	Total Payments to 31 March 1985 £'000	Forecast of RDG associated with projects £'000	Forecast employment associated with projects(b)		Realisation of forecast up to 31 March 1983	
				New	Safeguarded	New	Safeguarded
Scotland	227,447	154,368	213,534	104,794	44,402	71,615	25,349
Wales	144,863	112,119	155,776	57,445	16,875	40,961	14,569
North East	116,781	89,282	211,756	55,647	27,052	43,396	23,745
Yorkshire and Humberside	69,645	53,761	35,483	56,459	24,303	39,569	19,478
East Midlands	15,029	12,612	9,829	16,889	724	11,725	324
South West	19,886	15,135	12,215	12,152	4,148	9,866	1,585
West Midlands	187	121	129	226	nil	157	nil
North West	173,927	147,723	147,793	78,461	66,328	56,897	54,871
Total England	395,455	318,634	417,205	219,834	122,555	161,610	100,003
Total Great Britain	767,765	585,121	786,515	382,073	183,832	274,186	139,921

(a) The above Table sets out the level of employment achieved so far on projects offered assistance in the period up to 31 March 1983 on which some payment has been made.

(b) The forecast employment associated with these projects covers the period up to 1988.

APPENDIX 7

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

The total of £61.4 million ERDF and UK contributions which have been made available is allocated as follows:

Region	£ million
Scotland	7.7
Wales	7.5
North East	6.6
Yorkshire and Humberside	17.1
East Midlands	1.1
North West	21.4
Total	61.4

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

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

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications		Offers		Payments (£'000)
	Number	Grants applied for (£'000)	Number	Assistance offered (£'000)	
Scotland	1,410	738	1,394	724	216
Wales	183	1,442	4	2	nil
North East	155	1,116	54	357	nil
Yorkshire and Humberside	486	4,824	215	1,338	25
East Midlands	80	721	42	212	5
North West	497	6,194	151	560	1
Total	2,811	15,035	1,860	3,193	247

Note: The above figures include all applications and offers under Section 7, Section 8 and Section 11 of the Industrial Development Act 1982 and Section 5 of the Science and Technology Act 1965.

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

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

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

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

Exchange Risk Cover Scheme for Loans from European Investment Bank, European Coal and Steel Community and New Community Instrument

The Exchange Risk Scheme was first introduced in January 1978 and was originally designed to encourage private firms in the Assisted Areas and Northern Ireland to take advantage of the attractive foreign currency loans available from the European Investment Bank and the European Coal and Steel Community. It has been extended on three occasions, most recently to 31 March 1985, at which time its future was under review. The Scheme is subject to a current ceiling on new borrowing of £400 million. Exchange risk cover for New Community Instrument lending, available in Non-Assisted Areas, was introduced in January 1983, and was run down from 31 December 1984.

European Investment Bank (EIB)

EIB loans are available for sound investment projects which aid regional development or meet other Community objectives. The loans are medium-term (generally eight years) and are made in a mixture of foreign currencies at fixed rates of interest.

Size of Loans

The EIB is prepared to make loans of up to 50 per cent of the fixed capital cost of the project. The Bank does not normally make loans of less than £4.25 million but special arrangements have been agreed between the Government and the EIB which enable smaller companies to take loans from £11,000 upwards. Under these arrangements loans from £11,000 to £4.25 million are made through the appropriate Government Department which provides a guarantee against the exchange risk and a guarantee of repayment to the EIB.

In addition loans normally in the £11,000–£250,000 range can be obtained through Investors in Industry (3i), Midland Bank, National Westminster Bank, Clydesdale Bank, Barclays Bank, Williams and Glyn's Bank, and the Scottish and Welsh Development Agencies. Under the Scheme the appropriate Government Department covers the exchange risk and the agents provide the guarantee of repayment to the EIB. Loans of more than £4.25 million are negotiated directly with the EIB. Exchange risk cover may also be available on such loans.

Progress of the Scheme

During the period under review one large direct loan was made worth £10 million. It is estimated that some 750 jobs were associated with this loan. In the same

period the Government's Agency made 13 loans totalling £3.6 million with 900 associated jobs.

European Coal and Steel Community (ECSC)

ECSC loans are available under Article 54 of the Treaty of Paris for projects which contribute directly to improving efficiency, productivity or marketing in the coal and steel industries and under Article 56 of the Treaty for projects in any sector of industry which provide new employment opportunities in the coal or steel closure areas. Both forms of lending are eligible for exchange risk cover. The loans are medium-term (generally eight years) and are normally made in foreign currencies at a fixed rate of interest. Depending on the number of jobs suitable for ex-coal and steel workers, an interest rebate worth up to 5 per cent per annum may be paid over the first five years of the loan.

Size of Loans

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

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

Progress of the Scheme

In 1984–85 four direct ECSC loans totalling £10.3 million were made towards the creation of 1,500 jobs. In addition funds worth £39 million were provided for use by ECSC agents, creating an estimated 4,000 jobs.

New Community Instrument (NCI)

NCI loans operated in a similar way to EIP loans but were available in non-Assisted Areas. The loans were confined to a maximum of £250,000 and operated through the same institutions as for EIB loans.

Progress of the Scheme

Agents acting for the NCI drew down funds of £9.4 million during the course of the year.

APPENDIX 9

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

TABLE IMPROVEMENT OF BASIC SERVICES IN THE AREAS FOR EXPANSION

Department (a)	Service	Applications					Approved		
		Brought forward from 1983-84	Received in 1984-85	Rejected	Withdrawn	Under consideration	Number	Estimated cost (£'000)	Estimated grant (£'000)
Department of Environment	Sewerage	164	36	5	1	129	65	24,410	2,891
	Water Supply	176	21	nil	nil	178	19	17,022	1,373
Department of Transport	Roads	96	32	8	10	81	29	8,957	4,391
Department of Energy	Electricity	nil	2	2	nil	nil	nil	nil	nil
	Gas	nil	5	5	nil	nil	nil	nil	nil
Scottish Development Department	Roads	1	10	8	2	1	nil	nil	nil
	Sewerage	28	14	3	nil	28	11	297	98
	Water Supply	9	8	1	1	11	4	396	137
Welsh Office	Roads	53	7	nil	1	52	7	1,164	349
	Sewerage	7	2	nil	nil	9	nil	1,363	376
	Water Supply	35	16	nil	nil	41	10	8,276	2,332
	Drainage	2	nil	nil	nil	1	1	77	23
Total		571	117	32	15	531	110	61,962	11,970

(a) No applications were brought forward from 1983-84, nor were any new applications received, in respect of the Industry Department for Scotland, the Ministry of Agriculture, Fisheries and Food, or the Department of Transport (Railways) scheme.

APPENDIX 10

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

TABLE 1 STOCK OF PREMISES MANAGED BY ENGLISH ESTATES AS AT 31 MARCH 1985

Region	Status of area (a)	Leasable Stock						Under Construction(b)	
		Occupied		Vacant		Total		Units	Area ('000m ²)
		Units	Area ('000m ²)	Units	Area ('000m ²)	Units	Area ('000m ²)		
North East	AA	1,071	936.2	391	208.1	1,462	1,144.3	285	65.7
	NAA	52	16.2	28	6.3	80	22.5	14	1.8
Yorkshire and Humberside	AA	264	89.5	169	35.4	433	124.9	48	14.0
	NAA	131	32.0	62	7.5	193	39.5	24	3.9
East Midlands	AA	21	3.9	6	1.3	27	5.2	nil	nil
	NAA	145	35.2	32	7.6	177	42.8	43	6.7
South East	NAA	116	18.0	30	3.4	146	21.4	31	5.8
South West	AA	209	51.1	75	25.8	284	76.9	31	5.4
	NAA	164	34.1	80	10.2	244	44.3	39	7.3
West Midlands	AA	12	3.8	1	0.2	13	4.0	6	0.6
	NAA	131	28.2	32	6.3	163	34.5	24	3.0
North West	AA	533	307.2	256	133.5	789	440.7	121	35.2
	NAA	206	103.1	75	12.7	281	115.8	42	13.2
Total		3,055	1,658.5	1,237	458.3	4,292	2,116.8	708	162.6

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

(b) Under Construction includes Extensions and Custom Built Premises.

TABLE 2 EMPLOYMENT IN OCCUPIED ENGLISH ESTATES PREMISES

Region	At 31 March 1984			At 31 March 1985		
	Male	Female	Total	Male	Female	Total
<i>Leased from English Estates</i>						
North East	12,523	8,797	21,320	13,503	8,389	21,892
Yorkshire and Humberside	1,949	763	2,712	2,115	947	3,062
East Midlands	750	210	960	799	269	1,068
South East	385	175	560	465	131	596
South West	1,766	1,122	2,888	2,074	1,317	3,391
West Midlands	536	359	895	691	565	1,256
North West	6,479	5,050	11,529	7,158	4,989	12,147
	24,388	16,476	40,864	26,805	16,607	43,412
<i>Sold by English Estates or privately built on English Estates land</i>						
			52,906			55,220
Total			93,770			98,632

TABLE 3 ENGLISH ESTATES: PREMISES

Region	Status of area (a)	Occupied during 1984–85(b)		Vacated during 1984–85		Reserved at 31 March 1985		Available for letting at 31 March 1985		Vacancy rate %
		Units	Area ('000m ²)	Units	Area ('000m ²)	Units	Area ('000m ²)	Units	Area ('000m ²)	area of leasable stock
North East	AA	368	100.0	213	101.8	111	59.9	280	148.1	13.0
	NAA	30	4.6	10	1.5	8	1.1	20	5.2	23.1
Yorkshire and Humberside	AA	102	30.1	49	6.3	12	4.6	157	30.8	24.6
	NAA	48	8.3	28	4.4	11	2.3	51	5.2	13.2
East Midlands	AA	15	2.0	9	0.9	1	0.5	5	0.9	16.6
	NAA	67	10.1	33	5.3	10	3.3	22	4.3	10.1
South East	NAA	47	6.2	19	2.3	14	1.4	16	2.0	9.3
South West	AA	83	12.2	49	13.7	11	4.9	64	20.9	27.2
	NAA	59	7.5	21	3.5	30	4.8	50	5.4	12.1
West Midlands	AA	3	0.9	1	0.3	1	0.2	nil	nil	nil
	NAA	33	4.1	14	3.1	16	3.7	16	2.6	7.5
North West	AA	227	67.3	164	75.9	71	29.4	185	104.1	23.6
	NAA	87	23.5	26	3.7	24	4.3	51	8.4	7.3
Total		1,169	276.8	636	222.7	320	120.4	917	337.9	16.0

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

(b) Premises let. In addition 77 units totalling 66,650m² were sold to new occupiers.

TABLE 4 FACTORY BUILDING COMPLETED BY ENGLISH ESTATES DURING 1984-85

Region	Status of area (a)	Advance Factories(b)						Total	
		Department of Trade and Industry		Development Commission		Extensions and Custom Built		Units	Area ('000m ²)
		Units	Area ('000m ²)	Units	Area ('000m ²)	Units	Area ('000m ²)		
North East	AA	217	41.6	9	1.5	5	9.2	231	52.3
	NAA	nil	nil	11	1.6	nil	nil	11	1.6
Yorkshire and Humberside	AA	58	8.1	8	0.7	2	8.5	68	17.3
	NAA	15	1.0	14	1.7	1	1.2	30	3.9
East Midlands	AA	nil	nil	1	0.5	nil	nil	1	0.5
	NAA	nil	nil	13	1.7	5	1.4	18	3.1
South East	NAA	nil	nil	34	3.7	nil	nil	34	3.7
South West	AA	29	4.7	35	3.2	1	0.5	65	8.4
	NAA	5	0.5	39	3.5	1	0.6	45	4.6
West Midlands	AA	nil	nil	nil	nil	2	0.6	2	0.6
	NAA	nil	nil	19	2.6	1	0.1	20	2.7
North West	AA	45	11.5	nil	nil	1	3.7	46	15.2
	NAA	28	2.4	26	4.0	nil	nil	54	6.4
Total		397	69.8	209	24.7	19	25.8	625	120.3

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

(b) No advance factories, funded jointly by English Estates and Private Sector companies, were completed during the year to 31 March 1985.

TABLE 5 RENT FREE PERIODS GRANTED BY ENGLISH ESTATES DURING 1984-85

Region	Number	Value (£'000)
North East	87	656
Yorkshire and Humberside	27	216
East Midlands	3	15
South West	3	7
North West	25	410
Total	145	1,304

TABLE 6 EXPENDITURE AND RECEIPTS IN RESPECT OF LAND AND FACTORY BUILDING IN 1984-85(a)

	(£'000)
<i>Expenditure (b)</i>	
Land acquisition	1,890
Cost of works and modernisation of factories	35,997
	37,887
<i>Receipts</i>	
Net Rents	10,029
Cash sales of land and buildings	15,931
Capital instalments of credit sales of land and buildings	1,123
Interest in respect of credit sales	435
Refunds (VAT)	513
Other capital receipts	706
	28,737
Capital expenditure funded by the Development Commission(c)	12,024

(a) Provisional. The accounts of the English Industrial Estates Corporation (EIEC) are laid before Parliament in accordance with the English Industrial Estates Corporation Act 1981 as amended by the Industrial Development Act 1985.

(b) Management expenditure by the EIEC (such as maintenance of estates, administration, etc) is met out of rents on their property holdings.

(c) This year, the Development Commission provided finance for capital expenditure direct to the EIEC. In the past this has been provided from the Department of Trade and Industry Vote and reimbursed as an appropriation in aid.

Assistance under Section 1 of the Derelict Land Act 1982 and Section 8 of the Local Employment Act 1972

TABLE CLEARANCE OF DERELICT LAND IN ASSISTED AREAS AND DERELICT LAND CLEARANCE AREAS(a)

<i>Brought forward from 1983-84(b)</i>	<i>Applications</i>				<i>Applications Under consideration at 31 March 1985(b)</i>			<i>Approved</i>		
	<i>Received in 1984-85</i>	<i>Number rejected</i>	<i>Hectares(c)</i>	<i>Number withdrawn</i>	<i>Hectares(c)</i>	<i>Number</i>	<i>Hectares(c)</i>	<i>Estimated cost (£'000)</i>	<i>Assistance offered (£'000)</i>	
446	584	87	243	23	451	502	469	2,320	43,661	41,936

(a) These figures relate to schemes in England dealt with by the Department of Environment. Responsibility for such schemes in Scotland and Wales lies with the Scottish and Welsh Development Agencies.

(b) Including schemes where approval had been given in principle.

(c) Approximate figures only.

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

TABLE SUMMARY OF APPLICATIONS AND OFFERS TO 31 MARCH 1985

Scheme	Date of introduction	Closing date for applications	Applications			Offers			Payments (£'000)
			Received	Rejected or withdrawn	Under consideration at 31.3.85	Number	Associated project costs (£'000)	Assistance offered (£'000)	
<i>General Investment Schemes</i>									
Accelerated Projects	15. 4.75	31. 7.76	297	186	nil	111	568,107	71,854	70,631
Selective Investment	15.12.76	30. 6.79	766	590	nil	176	1,041,109	107,724	95,486
General Facility	17. 7.79	not applicable	409	240	16	153	522,178	55,543	26,285
<i>Other Measures</i>									
Completed Schemes(b)	Various	Various	9,114	2,126	nil	6,988	1,219,353	266,716	203,204
Redmeat Slaughterhouse	9.11.76	30.11.80	498	126	nil	372	116,156	16,182	12,980
Electronic Components	24. 1.77	31.12.78	149	64	nil	85	59,200	15,995	12,141
Footwear	18. 4.78	31. 3.80	572	92	nil	480	29,227	5,032	3,374
<i>Microelectronics</i>									
<i>Industry Support</i>									
Programme 1	26. 7.78	(c)	203	41	nil	162	267,561	57,943	40,868
Coal Firing	22. 5.81	not applicable	800	298	161	341	212,951	42,441	16,210
Fibre Optics	27. 7.81	not applicable	27	3	5	19	31,088	4,265	1,680
Private Sector Steel	14.12.81	7. 3.84	254	40	26	188	124,087	35,491	29,487
Small Engineering Firms									
Investment 1	30. 3.82	28. 5.82	1,882	436	nil	1,446	96,441	32,147	23,070
Flexible Manufacturing									
Systems	8. 6.82	not applicable	161	104	15	42	114,878	25,362	5,133
Robot Support Programme	8. 6.82(d)	not applicable	300	119	1	210	56,670	17,477	6,547
Computer Aided Design and									
Test Equipment Support	1. 8.82	12. 3.84	1,334	338	nil	996	93,845	23,956	17,929
Small Engineering Firms									
Investment 2	28. 3.83	30. 9.83	6,405	1,524	nil	4,881	231,673	72,705	42,160
Certification	April 83	not applicable	18	nil	11	7	967	266	146
Innovation-Linked Investment	1. 6.83	22. 5.84	143	75	14	54	9,262	1,780	475
Quality Assurance	20. 6.83	30. 6.86	130	17	56	57	1,989	493	52
<i>Microelectronics</i>									
<i>Industry Support</i>									
Programme 2	19. 3.84	31. 3.90	69	12	26	31	111,018	15,164	1,799
Total			23,561	6,431	331	16,799	4,907,760	868,536	609,657

(a) Does not include Small Firms Loan Guarantee Scheme, Financial Management Advisory Service Experiment, European Regional Development Fund Special Measures or the Offshore Supplies Interest Relief Scheme.

(b) These Schemes, under which all outstanding payments were completed prior to 1 April 1984, are: Wool Textiles (stages 1 and 2), Ferrous Foundry, Machine Tool, Clothing, Paper and Board, Non-Ferrous Foundry, Instrumentation and Automation, Drop Forging, Printing Machinery, Textile Machinery, Poultrymeat Processing, Steel Casting and Energy Conservation. An analysis by Scheme of the aggregated figures appeared in the Report for the year ended 31 March 1984.

(c) Projects were to be completed by 31 March 1985.

(d) Previously assisted under the Science and Technology Act 1965.

APPENDIX 13

Selective Investment Scheme

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

<i>Region</i>	<i>Applications</i>							
	<i>Received</i>		<i>Rejected or withdrawn</i>		<i>Offers</i>			
	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Number</i>	<i>Project costs (£'000)</i>	<i>Assistance offered (£'000)</i>	<i>Payments (£'000)</i>
Scotland	41	1,239,179	38	1,039,439	3	199,740	23,400	17,400
Wales	19	317,007	17	176,607	2	140,400	18,750	16,375
North East	26	321,034	20	171,448	6	149,586	14,505	2,630
Yorkshire and Humberside	60	185,406	48	145,765	12	39,641	4,703	4,670
East Midlands	97	318,834	66	209,934	31	108,900	9,793	9,327
South East	188	1,170,222	155	1,095,594	33	74,628	8,358	7,877
South West	63	154,918	47	109,674	16	45,244	3,954	3,486
West Midlands	174	365,341	116	238,836	58	126,505	15,016	13,128
North West	82	558,588	70	408,023	12	150,565	8,611	19,967
Mixed	16	180,384	13	174,484	3	5,900	634	626
Total	766	4,810,913	590	3,769,804	176	1,041,109	107,724	95,486

Section 8 General Facility

Grants are available throughout the United Kingdom for major capital investment projects which are in the national interest. Although any suitable large project is eligible in principle, each is examined individually in its industrial context. Assistance is provided only on a selective basis, *the criteria are strict*, and only a small number of projects will be supported.

To be eligible, prospects should involve new investment of at least £0.5 million. In order to be considered for support projects *must have good prospects of providing exceptional benefits to the national economy and a substantial contribution to the strength and competitiveness of the sector involved.* Projects need to exhibit some or all of the following characteristics:

- (a) An improvement in company performance likely to result in a substantial impact on overall UK capability in the product area. This is usually assessed in terms of productivity, but other improvements such as quality or reliability may be relevant;
- (b) the introduction of major new or radically improved products;
- (c) the introduction into the UK of a significant degree of technical innovation or new work skills;
- (d) wider improvements in the position of UK companies. This might include, for example, increases in the efficiency of customers or suppliers, and may involve an improvement in competitiveness of a sector as a whole;
- (e) an overall increase in UK exports or import substitution, or the meeting of increased UK demand. Any project likely to compete solely with other UK manufacturers is not normally eligible.

It must also be demonstrated that a project is commercially viable. If these stringent criteria can be satisfied, support will be negotiated as the minimum necessary to ensure that the project goes ahead. Support is only considered in cases where, without it, a project would not be undertaken on the basis proposed. This means that there must be a *genuine and significant enhancement* of the project as a result of the support. Examples of what this means are:

- (a) the project is internationally mobile and would be undertaken outside the UK without assistance;
- (b) a project going ahead which would not otherwise be undertaken, perhaps because of a company's limited financial resources, or the degree of risk involved;
- (c) a genuine and substantial acceleration in the timing of the project.
- (d) a substantial increase in the scale of the project.

Inward Investment

The facility has so far attracted to the UK 39 internationally mobile projects involving capital expenditure of £173 million.

Assistance Offered

The amount of assistance as a percentage of project cost averaged 10.2 per cent at 31 March 1985.

TABLE 1 APPLICATIONS AND OFFERS BY REGION TO 31 MARCH 1985

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	14	100,636	7	91,915	4	4,655	3	4,066	506	100
Wales	11	28,355	2	7,149	1	1,230	8	19,976	2,578	360
North East	5	23,436	nil	nil	1	11,708	4	11,728	1,135	643
Yorkshire and Humberside	28	96,200	20	78,594	nil	nil	8	17,606	1,815	1,087
East Midlands	38	216,242	30	164,272	nil	nil	8	51,970	5,706	3,818
South East	120	621,953	74	418,670	7	26,822	39	176,461	17,408	8,529
South West	25	86,772	16	52,531	1	3,400	8	25,841	2,175	1,555
West Midlands	116	369,077	63	224,853	1	3,300	52	140,924	17,925	8,522
North West	37	173,424	17	115,352	1	3,755	19	54,317	4,925	1,471
Mixed	15	130,717	11	111,428	nil	nil	4	19,289	1,370	200
Total	409	1,846,812	240	1,269,764	16	54,870	153	522,178	55,543	26,285

TABLE 2 ASSISTANCE OFFERED BY TYPE OF INDUSTRY TO 31 MARCH 1985

<i>Standard Industrial Classification Orders (SIC 1980)</i>	<i>Number</i>	<i>Assistance offered (£'000)</i>	<i>Project costs (£'000)</i>
1. Energy & water supply industries	2	1,190	7,793
2. Extraction of minerals and ores, other than fuels: manufacture of metals, mineral products and chemicals	28	7,728	75,716
3. Metal goods, engineering and vehicles industries(a)	96	36,941	347,245
4. Other manufacturing industries	27	9,684	91,419
Total	153	55,543	522,178

(a) Includes electrical & electronic engineering.

Innovation-Linked Investment Scheme (ILIS)

This Scheme was opened for applications on 1 June 1983 and closed on 22 May 1984. ILIS was intended to help independent small- and medium-sized enterprises (ie those employing up to 500 people) launch new or significantly improved products or processes into production and thereby encourage the commercial exploitation of innovation. Up to 20 per cent grant,

negotiated on the basis of need, was available to viable projects representing significant innovation. Projects costing more than £2 million were not eligible for assistance. Support of up to 33½ per cent (maximum £50,000) was also available on the basis of need towards market appraisal studies judged to be important to successful exploitation.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	14	2,229	5	871	nil	nil	9	1,358	245	55
Wales	8	775	5	658	nil	nil	3	117	23	7
Yorkshire and Humberside	21	3,667	14	2,601	nil	nil	7	1,066	213	115
East Midlands	12	3,773	8	3,302	nil	nil	4	471	94	4
South East	47	9,455	26	5,101	6	1,072	15	3,282	610	199
South West	15	3,107	6	1,134	1	184	8	1,789	359	60
West Midlands	20	3,722	10	1,816	5	1,231	5	675	135	16
North West	6	919	1	235	2	180	3	504	101	19
Total	143	27,647	75	15,718	14	2,667	54	9,262	1,780	475

Microelectronics Industry Support Programme 1 (MISP 1)

The total of £57.9 million support offered under the Industrial Development Act 1982 is made up of the following:

- Individual applications made directly under the Scheme have received offers of assistance totalling £47.6 million for projects costing £219 million.
- Support offered under Section 7 of the Industrial Development Act 1982 together with three selected projects approved under the Electronic Components Industry Scheme (ECIS). At 31 March 1985, this support totalled £10.3 million. All these projects are aimed at MISP objectives.

Support offered under the Science and Technology Act 1965 amounted to £4.5 million so that support under the Scheme totalled £62.4 million.

Total support under MISP 1 (£ million)

Industrial Development Act 1982 (Table 1)

Direct MISP Applications	47.6
Transferred to MISP	10.3

Sub-total	57.9
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Science and Technology Act 1965 (Table 2)

Direct MISP Applications	4.5
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Total support under MISP 1	£62.4
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TABLE 1 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1985

Region	Applications							
	Received		Rejected or withdrawn		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	15	97,568	7	43,370	8	54,198	8,323	8,211
Wales	2	251	nil	nil	2	251	71	58
North East	2	468	1	193	1	275	75	47
East Midlands	27	53,367	2	2,609	25	50,758	10,172	6,243
South East	53	78,787	20	16,823	33	61,964	14,690	7,416
South West	32	37,223	6	4,973	26	32,250	8,291	5,012
West Midlands	7	3,426	2	1,433	5	1,993	563	261
North West	65	67,474	3	1,602	62	65,872	15,758	13,620
Total	203	338,564	41	71,003	162	267,561	57,943	40,868

Note: The above includes offers and payments made for projects under ECIS and Section 7 that were subsequently transferred to MISP 1.

TABLE 2 APPLICATIONS AND OFFERS UNDER THE SCIENCE AND TECHNOLOGY ACT 1965 TO 31 MARCH 1985

Region	Applications							
	Received		Rejected or withdrawn		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Wales	1	39	nil	nil	1	39	14	9
East Midlands	2	5,632	nil	nil	2	5,632	1,371	1,138
South East	12	4,592	2	160	10	4,432	1,411	1,305
South West	6	762	1	240	5	522	347	340
North West	10	5,384	nil	nil	10	5,384	1,338	1,290
Total	31	16,409	3	400	28	16,009	4,481	4,082

Microelectronics Industry Support Programme 2 (MISP 2)

At 31 March 1985, assistance totalling £15.2 million had been offered towards 31 projects. A further 26 projects were under consideration, involving total project costs of £141.5 million.

In addition to the above, two 'Understandings' had been negotiated with companies on the basis of agreed long-term business plans. This support is only made available against subsequent submission of suitable individual project proposals.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	4	33,120	2	30,613	nil	nil	2	2,507	463	nil
Wales	1	450	nil	nil	1	450	nil	nil	nil	nil
Yorkshire and Humberside	1	240	nil	nil	1	240	nil	nil	nil	nil
East Midlands	4	16,820	1	633	3	16,187	nil	nil	nil	nil
South East	43	175,323	6	2,809	14	115,276	23	57,238	9,765	1,772
South West	9	49,889	3	3,576	4	6,599	2	39,714	3,243	nil
West Midlands	2	1,004	nil	nil	nil	nil	2	1,004	251	27
North West	5	13,322	nil	nil	3	2,767	2	10,555	1,442	nil
Total	69	290,168	12	37,631	26	141,519	31	111,018	15,164	1,799

Fibre Optics and Opto-Electronics Scheme

This Scheme, funded jointly under the Science and Technology Act 1965 and the Industrial Development Act 1982, provides selective assistance for:

- (a) Projects involving the design and development of a new or significantly improved product, component, or process relating to:
- (i) Optical fibres
 - (ii) Opto-electronics: with particular emphasis on large area display technology
 - (iii) Optical sensors
 - (iv) Instruments required for these activities;
- (b) Plant, equipment and buildings for the activities in (a) above;

- (c) Applications, including demonstration or trial projects, where assistance would allow customers including the public sector, to go ahead earlier or on an expanded scale.

Assistance is normally in the form of a grant of up to 25 per cent of qualifying costs for applications under Support for Innovation. The maximum rate of grant for investment projects is 20 per cent. Exceptionally, in the case of applied research, the level of assistance may be greater for collaborative projects and for cases involving considerable national benefit.

Applications are judged against the existing Support for Innovation or Section 8 criteria, as appropriate.

TABLE 1 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1985

Region	Applications						Offers		Assistance offered (£'000)	Payments (£'000)
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)		
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	1	489	1	489	nil	nil	nil	nil	nil	nil
Wales	2	754	1	470	nil	nil	1	284	15	nil
Yorkshire and Humberside	3	2,619	nil	nil	1	1,080	2	1,539	308	184
East Midlands	1	2,330	1	2,330	nil	nil	nil	nil	nil	nil
South East	16	28,795	nil	nil	3	3,777	13	25,018	3,092	935
South West	4	6,047	nil	nil	1	1,800	3	4,247	850	561
Total	27	41,034	3	3,289	5	6,657	19	31,088	4,265	1,680

TABLE 2 APPLICATIONS AND OFFERS UNDER THE SCIENCE AND TECHNOLOGY ACT 1965 TO 31 MARCH 1985

Region	Applications						Offers		Assistance offered (£'000)	Payments (£'000)
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)		
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	2	482	1	150	nil	nil	1	332	111	16
Wales	5	5,908	2	2,161	1	324	2	3,423	817	335
North East	1	1,692	nil	nil	nil	nil	1	1,692	389	248
Yorkshire and Humberside	13	7,022	2	589	4	3,083	7	3,350	846	543
East Midlands	17	19,575	3	835	nil	nil	14	18,740	3,837	816
South East	98	99,581	11	6,313	13	17,361	74	75,907	25,103	14,125
South West	8	12,577	2	5,098	2	3,012	4	4,467	1,195	796
West Midlands	2	1,045	nil	nil	nil	nil	2	1,045	297	243
North West	9	5,909	3	226	2	3,996	4	1,687	1,220	953
Total	155	153,791	24	15,372	22	27,776	109	110,643	33,815	18,075

Flexible Manufacturing Systems (FMS) Scheme—incorporating the Robot Support Programme

Under this Scheme grants are available for consultancy studies and the installation of Advanced Manufacturing Technology (AMT) systems. Grants of 50 per cent professional consultancy fees are available up to a maximum of £50,000. For the installation of AMT systems grants of up to 20 per cent may be available towards capital costs. For small companies who have

not previously used robots, grants of 15 per cent (maximum £25,000) may be available towards the cost of introducing a first robot. Since the Scheme was introduced £1.4 million has been offered to carry out 75 consultancy studies, £25.4 million has been offered to install 42 flexible manufacturing systems and £17.5 million offered for the installation of 210 robot systems.

TABLE 1 APPLICATIONS AND OFFERS FOR FMS INSTALLATIONS TO 31 MARCH 1985

Region	Applications						Offers	Assistance offered (£'000)	Payments (£'000)	
	Received		Rejected or withdrawn		Under consideration					
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	14	30,508	9	18,487	2	6,707	3	5,314	776	160
Wales	4	7,270	4	7,270	nil	nil	nil	nil	nil	nil
North East	13	28,011	7	21,563	2	2,600	4	3,848	719	154
Yorkshire and Humberside	15	25,050	10	10,704	nil	nil	5	14,346	3,321	562
East Midlands	14	38,050	12	30,710	1	4,800	1	2,540	700	170
South East	35	72,230	21	41,498	6	14,400	8	16,332	3,536	1,495
South West	12	23,943	8	16,905	nil	nil	4	7,038	1,992	952
West Midlands	30	88,487	22	50,576	2	7,233	6	30,678	8,282	675
North West	23	58,332	11	19,065	2	5,697	10	33,570	5,886	863
Northern Ireland	1	1,212	nil	nil	nil	nil	1	1,212	150	102
Total	161	373,093	104	216,778	15	41,437	42	114,878	25,362	5,133

TABLE 2 APPLICATIONS AND OFFERS FOR ROBOT INSTALLATIONS TO 31 MARCH 1985

Region	Applications						Offers	Assistance offered (£'000)	Payments (£'000)	
	Received		Rejected or withdrawn		Under consideration					
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	18	4,143	6	879	nil	nil	12	3,497	1,044	319
Wales	8	2,664	3	804	nil	nil	5	1,562	494	113
North East	16	4,344	5	1,040	nil	nil	11	3,000	938	445
Yorkshire and Humberside	22	12,335	8	8,853	nil	nil	14	3,478	1,055	391
East Midlands	30	14,028	16	9,476	nil	nil	14	4,216	1,405	703
South East	87	20,395	37	7,301	nil	nil	50	13,648	4,325	1,381
South West	39	9,443	9	2,522	nil	nil	30	7,026	2,222	1,082
West Midlands	68	17,129	20	2,974	nil	nil	48	13,262	3,915	1,586
North West	41	12,040	15	4,479	1	73	25	6,641	1,966	515
Northern Ireland	1	340	nil	nil	nil	nil	1	340	113	12
Total	330	96,861	119	38,329	1	73	210	56,670	17,477	6,547

Computer Aided Design and Test Equipment Support (CADTES)

The Scheme was designed to provide a short term incentive to manufacturing industry to invest in computer aided design, manufacture and test equipment. The Scheme was an extension of the existing awareness programmes, Computer Aided Design/Computer Aided Manufacture (CAD/CAM) and Test (CADMAT). Assistance was available in the form of a capital grant of 33 $\frac{1}{3}$ per cent, up to a maximum of £60,000 (later reduced to £40,000), of net eligible costs, which included:

(a) the acquisition of new computer equipment

including peripheral hardware and software for use in design, manufacture and test;

(b) the cost of integrating software packages and associated peripheral devices into an existing installation;

(c) directly associated installation and training costs incurred of up to 15 per cent of the computer equipment including software.

The Scheme opened in August 1982 and was closed for applications on 12 March 1984.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications							
	Received		Rejected or withdrawn		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	118	13,248	39	5,159	79	8,089	1,951	1,297
Wales	42	3,770	15	878	27	2,892	747	547
North East	41	5,079	6	754	35	4,325	890	645
Yorkshire and Humberside	111	9,811	25	2,103	86	7,708	2,064	1,695
East Midlands	94	8,378	19	1,740	75	6,638	1,677	1,210
South East	534	53,518	124	15,958	410	37,560	10,148	7,721
South West	112	12,214	34	4,690	78	7,524	1,790	1,397
West Midlands	176	14,222	49	4,279	127	9,943	2,618	1,723
North West	103	12,529	27	3,572	76	8,957	2,019	1,647
Northern Ireland	3	209	nil	nil	3	209	52	47
Total	1,334	132,978	338	39,133	996	93,845	23,956	17,929

Small Engineering Firms Investment Scheme 1 (SEFIS 1)

The aim of the Scheme was to assist small engineering firms, ie those with less than 200 employees, to undertake investment in specific types of advanced capital equipment.

Assistance was available in the form of a capital grant of 33½ per cent of the net eligible costs of one project. Eligible costs of a project included:

- (a) the acquisition of either one or two discrete items of capital equipment costing not less than £15,000 each;

(b) directly associated installation and commissioning costs incurred of up to 10 per cent of the net eligible cost of capital equipment;

(c) directly associated tooling and accessory costs incurred of up to 10 per cent of the net eligible cost of capital equipment.

The net eligible costs of any assisted project could not exceed £200,000.

The Scheme opened on 31 March 1982 and closed for applications on 28 May 1982. The final date for receipt of claims for payment is 30 September 1985.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications							
	Received			Rejected or withdrawn		Offers		
	Number(a)	Project costs(b) (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	100	6,666	31	2,346	69	4,320	1,440	1,138
Wales	49	3,283	16	1,369	33	1,914	638	473
North East	77	5,159	20	1,094	57	4,065	1,355	990
Yorkshire and Humberside	137	9,179	35	1,064	102	8,115	2,705	1,955
East Midlands	127	8,509	28	1,258	99	7,251	2,417	1,559
South East	626	41,875	132	11,929	494	30,042	10,014	7,376
South West	193	12,931	40	3,097	153	9,834	3,278	2,516
West Midlands	355	23,718	81	4,755	274	19,047	6,349	4,407
North West	182	12,194	45	2,063	137	10,131	3,377	2,165
Northern Ireland	36	2,412	8	690	28	1,722	574	491
Total	1,882	125,926	436	29,665	1,446	96,441	32,147	23,070

(a) 1757 actual applications were received for either one or two discrete assets. Some applications were subject to two decisions and are represented by these figures.

(b) Estimated.

Small Engineering Firms Investment Scheme 2 (SEFIS 2)

This Scheme was designed to assist small and medium sized firms, ie those employing less than 500 people, in the UK engineering industry, to invest in certain categories of advanced capital equipment.

Assistance was available in the form of a capital grant of 33½ per cent of the net eligible costs of two items of equipment. Eligible costs of a project included:

- (a) the acquisition of either one or two discrete items of capital equipment costing not less than £10,000 each;

- (b) directly associated tooling costs incurred up to a maximum of 5 per cent of the net eligible cost of the capital equipment.

Net eligible costs of any assisted project could not exceed £200,000. The Scheme opened on 28 March 1983 and closed for applications on 30 September 1983. The final date for receipt of claims for payment is 31 December 1985.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications							
	Received		Rejected or withdrawn		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	392	22,304	110	6,664	282	15,640	4,286	2,282
Wales	202	9,925	73	4,079	129	5,846	1,543	809
North East	192	9,360	51	2,807	141	6,553	1,742	978
Yorkshire and Humberside	457	22,599	114	5,229	343	17,370	5,482	3,221
East Midlands	439	21,026	102	4,942	337	16,084	5,218	3,216
South East	2,408	108,343	517	23,430	1,891	84,913	27,815	16,998
South West	548	25,071	124	5,311	424	19,760	6,365	3,385
West Midlands	987	48,526	246	12,033	741	36,493	11,757	6,625
North West	623	30,034	148	6,818	475	23,216	7,215	4,023
Northern Ireland	157	8,341	39	2,543	118	5,798	1,282	623
Total	6,405	305,529	1,524	73,856	4,881	231,673	72,705	42,160

APPENDIX 23

Small Firms Loans Guarantee Arrangements

TABLE GUARANTEES ISSUED FROM 1 JUNE 1984 TO 31 MARCH 1985 AND IN 1981-82 TO 1984-85 BY REGION AND SECTOR

Region	Number		Value (£'000)		Sector	Number		Value (£'000)	
	1.6.84 to 31.3.85	Total at 31.3.85	1.6.84 to 31.3.85	Total at 31.3.85		1.6.84 to 31.3.85	Total at 31.3.85	1.6.84 to 31.3.85	Total at 31.3.85
Scotland	120	1,173	3,500	33,900	Manufacturing	442	7,020	15,800	256,700
Wales	34	720	1,000	21,400	Construction	22	346	700	11,000
North East	44	690	1,600	21,200	Retail	226	2,467	6,100	62,600
Yorkshire and Humberside	78	1,270	2,100	36,000	Other Service	427	6,255	14,400	194,900
East Midlands	68	1,020	2,200	33,700					
South East	446	6,111	16,400	219,700					
South West	102	1,442	2,900	44,600					
West Midlands	83	1,379	2,700	43,500					
North West	114	2,092	3,600	63,800					
Northern Ireland	28	191	1,000	7,400					
Total	1,117	16,088	37,000	525,200	Total	1,117	16,088	37,000	525,200

APPENDIX 24

Quality Assurance Support Scheme

The aim of the Scheme is to provide financial assistance to small manufacturing firms employing up to 500 people for improving their quality assurance procedures to the level of British Standard 5750. Assistance is available in the form of a grant of 25 per cent of the net eligible costs (eg net of VAT, Regional Development Grant, or any European Community Grant). Eligible costs must not exceed £100,000 and may include:

(a) the production of a 'Quality Manual', ie a detailed document which sets out responsibilities for every step in the production process which relates to quality, including organisation of component stocks, stores, inward inspection, testing etc;

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

(c) the costs of assessment and approval to British Standard (BS) 5750 and other quality assurance schemes based on similar principles such as BS 9000 and the Pressure Vessels Quality Assurance Board (PVQAB).

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

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	8	304	nil	nil	6	239	2	65	16	nil
Wales	1	28	1	28	nil	nil	nil	nil	nil	nil
North East	6	418	2	245	1	43	3	130	32	8
Yorkshire and Humberside	15	448	1	4	4	56	10	388	97	0.4
East Midlands	7	112	nil	nil	2	42	5	70	15	9
South East	43	2,064	5	238	23	1,285	15	541	135	17
South West	14	568	nil	nil	9	286	5	282	70	nil
West Midlands	24	696	4	204	6	57	14	435	109	18
North West	12	338	4	114	5	146	3	78	19	nil
Total	130	4,976	17	833	56	2,154	57	1,989	493	52.4

APPENDIX 25

Certification Scheme

Certification aims at ensuring that the quality management system of a firm is organised in line with modern practice, that regular testing of products helps to promote product design and that the standards involved are improved by feedback of certification experience. For the users, certification gives greater confidence in the integrity of a product or service, saves inspection, failure and warranty costs, increases industrial efficiency and helps to raise the overall quality of the marketed product.

The term 'certification' is used for this purpose to cover product conformity certification, product approval, certification of supplier quality management systems and certification of personnel involved in quality verification.

Private Sector Steel Scheme

Three forms of assistance were available under the Scheme:

- (1) CATEGORY A—85 per cent grant towards statutory redundancy payments to workers dismissed as part of a reduction in capacity or restructuring programme (this includes the 41 per cent grant already available from the Redundancy Fund) plus 85 per cent grant (to a maximum of £500 per worker) for any supplementary *ex-gratia* payments made to such workers.
- (2) CATEGORY B—25 per cent grant towards the other costs of closure or restructuring programmes.
- (3) CATEGORY C—25 per cent contribution towards self-help levy schemes organised by the industry to finance closures through levy payments on those undertakings remaining in business.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications						Offers			
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	9	1,864	1	79	nil	nil	8	1,785	637	508
Wales	19	14,293	4	10,722	2	1,520	13	2,051	1,044	1,057
North East	2	1,003	nil	nil	1	160	1	843	211	114
Yorkshire and Humberside	124	87,581	13	29,202	15	2,133	96	55,277	15,637	12,495
East Midlands	17	9,336	2	5,388	3	876	12	3,072	1,078	1,005
South East	12	46,226	5	28,866	nil	nil	7	18,328	4,860	4,300
South West	2	3,294	nil	nil	nil	nil	2	3,294	872	834
West Midlands	39	34,640	12	15,913	3	96	24	18,334	5,043	3,684
North West	30	50,607	3	29,600	2	202	25	21,103	6,109	5,490
Total	254	248,844	40	119,770	26	4,987	188	124,087	35,491	29,487

Coal Firing Scheme

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

With certain exceptions, notably Banking and Insurance, eligibility extends to most of the private sector but public sector bodies are generally excluded.

The Scheme is presently open for new applications within the allotted £75 million. Projects are presently required to be completed by 31 December 1986, except for particularly large projects where the completion date may be extended by prior agreement with the Department.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1985

Region	Applications							
	Received		Rejected or withdrawn		Offers accepted			Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Eligible Project costs (£'000)	Assistance offered (£'000)	
Scotland	64	59,004	26	26,407	24	9,926	1,969	1,113
Wales	38	49,173	19	36,834	11	4,696	1,123	727
North East	41	50,526	18	5,810	19	44,173	5,216	356
Yorkshire and Humberside	138	28,232	44	12,801	64	9,339	2,447	1,479
East Midlands	81	36,994	27	16,905	39	7,959	1,938	1,246
South East	144	150,106	57	47,822	47	60,129	11,811	4,535
South West	49	13,345	11	4,490	21	5,010	1,000	375
West Midlands	51	17,958	25	9,802	22	7,052	1,610	865
North West	170	130,038	61	32,398	85	49,431	12,550	4,925
Northern Ireland	24	27,949	10	5,482	9	15,236	2,777	589
Total	800	563,325	298	198,751	341	212,951	42,441	16,210

Note: Details of applications under consideration are not readily available in a form compatible with past Reports.

Assistance to the Shipbuilding Industry

Home Credit Scheme for Shipbuilding

Repayments of £25 million reduced the amount of Government refinanced loans to £84 million in the year to 31 March 1985.

In the same year, payments of interest grant on guaranteed loans totalled £20.3 million including the discount of £0.3 million referred to in paragraph 44 of the main text. These were made to the banks under the authority of the Industry Act 1975 (Section 25). Interest receipts from the banks on that portion of loans refinanced by the Government amounted to £0.4 million.

TABLE STATEMENT OF GUARANTEES FOR 1984-85

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1984	346(a)	1,035,046
Guarantees given in year 1984-85	33	130,000
Repayments in year 1984-85(b)	69	120,101
Guarantees current on 31 March 1985	310	1,044,945

(a) This figure has been adjusted from last year's Report. Multiple ship orders were previously counted as single guarantees, although each ship is the subject of a separate guarantee. The amount of principal guaranteed is not affected.

(b) The figure in the first column is the number of guarantees extinguished by the loan being finally repaid during the year. The figure in the second column takes account of all repayments of principal made during the year on all outstanding loans as well as the fully repaid loans.

APPENDIX 29

Assistance to Local Enterprise Agencies and Business Clubs

TABLE GRANTS PAID IN 1984-85

<i>Organisation</i>	<i>Grant paid (£'000)</i>
Basildon and District Local Enterprise Agency	9.0
Blackpool and Fylde Business Agency	2.5
Bristol and Avon Enterprise Agency	2.25
Burton Enterprise Agency	2.97
Business Help, Rochdale	2.0
Business Initiatives, Carlisle	3.0
Camden Enterprise	2.0
Chester Marketing Bureau	1.0
Colchester and Malden Business Enterprise Agency	0.4
Darlington and South West Durham Business Venture	5.0
Durham Small Business Club	4.5
Eastbourne and District Enterprise Agency	0.4
Enfield Enterprise Agency	3.0
Enterprise Ashford	0.4
Enterprise Tendering	5.0
Fens Business Enterprise Trust	5.0
Grimsby Enterprise Agency	5.0
Hastings Business Venture	4.4
Huntingdon Enterprise Agency	2.0
Hyndburn Small Business Club	0.5
Lincoln Enterprise Agency	4.5
Macclesfield Business Venture	3.0
Mid Devon Enterprise Agency	1.25
New World Business Services	2.5
North Devon Enterprise Group	1.5
North Oxfordshire Business Venture	1.0
Pendle Enterprise Trust	5.0
Preston Small Business Club	0.5
Small Industries Group Northamptonshire	2.0
Small Industries Group Somerset	2.0
South East Northumberland Enterprise Trust	5.0
Stevenage Initiative	0.4
Swale Enterprise Agency	2.0
Taunton Dean Small Business Forum	0.4
Warwickshire Enterprise Agency	3.86
West Cumbria Small Business Club	0.5
West Sussex Area Enterprise Agency	3.0
Whitby Enterprise Agency	10.0
Wigan New Enterprise	6.0
Wyre Business Agency	1.0
Wyre Business Club	0.5
Total	116.23

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

During the year, some changes were made to the membership and chairmanship of some of the Boards. The names below represent the position at 31 March 1985.

Industrial Development Advisory Board

Chairman

Sir Ronald Halstead, CBE

Members

Mr. T. W. Allen
Dr. A. Frankel
Mr. P. J. Grant
Mr. E. A. B. Hammond
Mr. J. W. Melbourn
Mr. H. G. Mourgue
Mr. E. Swainson, CBE
Mr. S. Thomson
Mr. A. E. Wheatley

Scottish Industrial Development Advisory Board

Chairman

Mr. R. C. Smith, CBE, MA, LL.D., CA

Members

Mr. Y. Ali, OBE
Mr. K. Fox
Mr. T. Johnston, OBE
Mr. J. Langan
Mr. J. M. Little, CBE
Mr. W. Low, CBE, JP
Mr. D. C. Macgregor
Mr. D. J. MacLeod, CA
Mr. A. F. MacLeod-Matthews, OBE, JP
Mr. A. Merrills, OBE
Mr. A. K. Smith, CBE

Welsh Industrial Development Advisory Board

Chairman

Mr. H. W. Morris, CBE

Members

Mr. L. M. Davies, OBE, JP
Mr. W. E. Evans, CBE
Mr. J. James
Mr. T. E. Morgan, MBE
Mr. P. A. G. Mullens, OBE
Mr. N. D. Penfold, MBE
Mr. P. J. Phillips, OBE

North East Industrial Development Board

Chairman

Mr. L. R. Mann, OBE

Members

Mr. B. Appleton
Mr. E. Bostwick
Mr. T. Burlison
Mr. J. Creaby
Professor W. G. McClelland
Mr. G. A. McNichol, OBE
Mr. P. D. Nicholson
Mrs. J. A. Verdon
Mr. B. H. Whitfield, JP

Yorkshire and Humberside and East Midlands Industrial Development Board

Chairman

Mr. T. McDonald, OBE, FCA

Members

Mr. P. W. Barker
Mr. B. Batley
Mr. P. Birch
Mr. M. J. Davey
Mr. E. A. K. Denison, TD
Mr. D. W. Ford
Mr. R. Illingworth
Mr. J. Lyles
Miss B. Paton
Mr. L. H. Silver, OBE
Mr. L. Teeman, OBE

South West Industrial Development Board

Chairman

Mr. K. E. Holmes

Members

Mr. A. Bennett, MBE, JP
Mr. E. Dancer
Mr. A. Dearden
Mr. J. A. H. Gamble
Mr. R. J. Harris
Mr. D. W. Pascoe
Mr. A. L. Sparks, MBE

West Midlands Industrial Development Board

Chairman

Mr. E. Swainson, CBE

Members

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Mr. R. S. Burman
Mr. A. P. Cant
Mr. D. A. Cooper-Smith
Mr. M. J. Cross
Mr. N. Gidney
Mr. W. B. Jordan
Dr. M. D. Skillicorn
Mr. A. K. Timberlake

North West Industrial Development Board

Chairman

Mr. G. N. Hague, OBE, FCIS

Members

Mr. J. B. Ashworth
Mr. N. C. F. Barber
Mr. E. A. Boddington
Mr. J. C. Dwek
Mr. D. G. Linnel
Mr. T. D. Parr
Mr. F. A. Russell
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