

Industrial Development Act 1982

Annual Report

by the Secretaries of State for Trade and Industry,
Scotland, Wales and Employment
for the year ended 31 March 1987

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

*Ordered by The House of Commons to be printed
24 July 1987*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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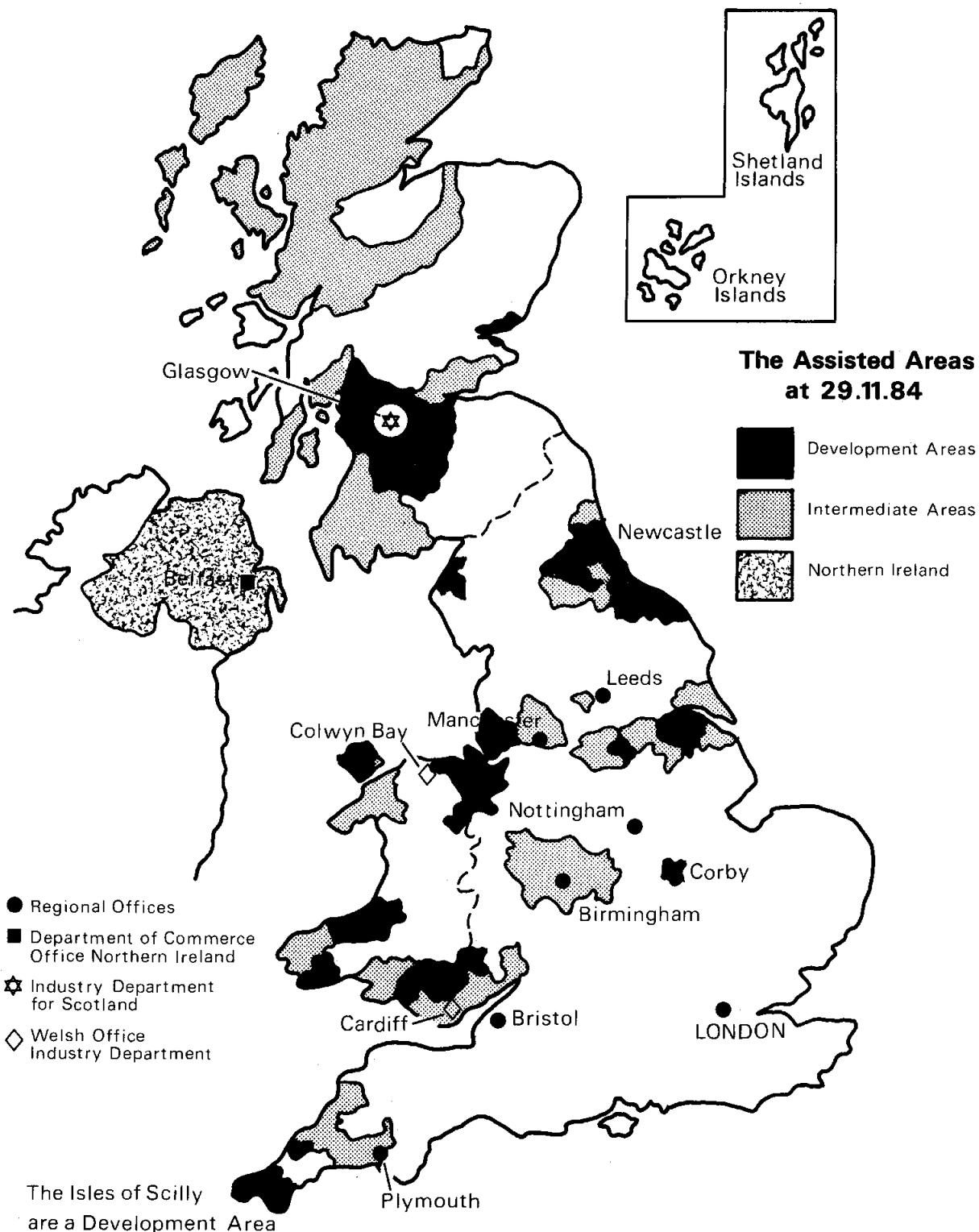
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Industrial Development Act 1982

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

Introduction

1. This Report, for the year ended 31 March 1987, describes the exercise of powers under the Industrial Development Act 1982 referred to in Section 11 and 15 of the Act, including the powers under past legislation which that Act consolidated. Sections 11 and 15 are reproduced at Appendix 1.

2. The Report opens with an account of measures of regional support, and goes on to describe national investment support and special assistance to shipbuilding and small firms. It concludes with a section covering miscellaneous items, and commentaries by the various Industrial Development Advisory Boards. Appendix 2 gives a summary analysis of the main forms of regional and national support, showing offers and payments made to 31 March 1987.

3. Throughout this Report the figures for project costs, assistance offered and payments made represent actual amounts which have not been converted to a fixed price basis.

Regional Support

4. Assistance to regional industrial development continued to be given under a variety of measures, the main expenditure once again being on Regional Development Grants. In common with past practice, unemployment statistics for each Assisted Area are produced at Appendix 3.

Regional Development Grants

5. Regional Development Grants continued to provide the largest element of support to industry in the Assisted Areas. Grant payments under the old Scheme totalled £196.3 million in respect of England, £132.7 million in respect of Scotland and £68.1 million in respect of Wales. Under the new Scheme, some 9,200 applications totalling about £265 million of assistance were approved, involving some £1,240 million of capital expenditure and the expected creation of 80,000 jobs. In the year, payments totalling £116.4 million were made in respect of Great Britain, payments totalled £58.1 million in respect of England, £37.5 million in respect of Scotland and £20.8 million in respect of Wales. Further details are at Appendix 4.

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

6. The purpose of providing Regional Selective Assistance (RSA) under Section 7 of the Act is to encourage sound projects which will improve employ-

ment 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.

Training Grants

7. This measure of support, introduced on 1 April 1980, continues in principle 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. The measure forms part of the regional aid package and projects must therefore satisfy the normal criteria for Section 7 assistance. Training grant attracts a matching contribution from the European Social Fund (ESF). The ESF rules were changed in 1986, and no offers of assistance were made in 1986-87 under the revised conditions. However, one offer of £23,432 was made during the year under the old arrangements, and two outstanding offers totalling £1.345 million, were accepted.

Guarantees

8. At 31 March 1987, there were three outstanding Section 7 guarantees totalling £14.6 million.

Summary of Selective Assistance Offers

9. During the year, offers of grant assistance under Section 7 that were accepted by industry totalled £183.1 million, divided as follows (including training grant):

	<i>£ million</i>		
	England	Scotland	Wales
	110.1	36.5	36.5

Further details are at Appendix 6.

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/or Regional Development Grant. During the year receipts from the Fund attributable to regional assistance totalled £39.5 million for Great Britain.

European Regional Development Fund: Specific Measures

11. The European Regional Development Fund (ERDF), the Department of Trade and Industry, and

the Scottish and Welsh Offices are jointly offering £62.4 million of grants through a series of ERDF Specific Measures in areas of the United Kingdom affected by job losses in the steel, shipbuilding, textile and clothing, and fisheries industries to help new businesses start up and existing small firms grow. The ERDF contribution is £43 million. Details of applications and offers are at Appendix 7.

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

13. On 24 March 1986, the Department of Trade and Industry extended the Business Improvement Services to the declining fisheries areas of the Hull, Grimsby and Blackpool Travel-to-Work-Areas. The schemes were funded initially with a contribution of £2.5 million from the Department. Following European Commission approval of a special programme for the eligible areas, the ERDF will contribute in due course a further £5 million. The schemes in fisheries areas will run until 25 February 1991, or until funds are exhausted if earlier. Tourism is an eligible activity in fisheries areas.

Regional Loans from the European Community

Exchange Risk Guarantee Scheme

14. The Exchange Risk Guarantee Scheme, operated under Sections 7 and 8 of the Act, encourages private industry in the UK to take advantage of foreign currency loans from the European Coal and Steel Community (ECSC) by providing a guarantee against the exchange risk. The borrower accepts only a sterling liability and the Government takes the exchange risk in return for an annual premium on the outstanding value of the loan. The Scheme applies to loans for manufacturing industry, certain service sectors, and tourism.

15. At 31 March 1987 loans totalling £623 million attracting Exchange Risk Cover had been made and cumulative losses of £62.2 million incurred. Future liabilities under these arrangements cannot be quantified. Further details are at Appendix 8.

European Coal and Steel Community

16. During the year, £28 million of ECSC loans were disbursed. Approximately 90 per cent of this lending went to small firms. It is estimated that some 2,400 jobs were created.

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

Improvement in Basic Services

17. During the year, 111 applications were received for grant towards improvement of basic services in the Assisted Areas. At 31 March 1987, grants totalling £15.0 million had been approved towards 205 schemes costing £54.7 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

18. The English Industrial Estates Corporation (EIEC), under the English Industrial Estates Corporation Act 1981 (as amended by the Industrial Development Act 1985), produces its own audited accounts to be laid before Parliament.

19. During 1986-87 the Secretary of State provided EIEC with £12.6 million grant-in-aid to undertake its development programme in the Assisted Areas of England. The total expenditure by EIEC for the year was £35.4 million, the balance being funded by receipts from the rent and sales of property. EIEC continues to concentrate on providing premises for small and high technology businesses.

20. In addition the Secretary of State provided EIEC with some £100,000 in support of a business advisory service for its small tenants. £51,000 of this funding was contributed by the European Regional Development Fund.

21. EIEC completed 421 factories and extensions comprising some 95,000 square metres of floorspace. At 31 March 1987 a further 99,000 square metres were under construction. 1,723 units were occupied by tenants or purchasers, giving another record year for lettings by EIEC. During the year EIEC sold 54 factories at a value of £9.6 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

22. During the year, there were 1,053 applications for grants towards the acquisition, or clearance, of derelict land in England. At 31 March 1987, assistance totalling £70.8 million had been approved for 762 schemes involving 3,354 hectares. Further details are at Appendix 11.

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

23. National investment support continued to be given under a variety of Section 8 assistance measures. Details of those measures which remained open for application at 31 March 1987 are set out in paragraphs 26 to 37 below. Information on schemes that closed for application during the year is set out in paragraphs 38 to 40, and on closed schemes with payments outstanding in paragraphs 41 to 45.

24. The measures described in paragraphs 33 and 43 assist investments associated with innovation, and complement the Support For Innovation provided under the Science and Technology Act 1965 for approved research and development projects. Expenditure under the Science and Technology Act is covered in a separate report.¹ The full range of support offered by the Department of Trade and Industry is summarised as 'Support for Business'.

25. Details of all Section 8 measures are at Appendix 12.

Measures open for application at 31 March 1987

General Investment Support for Major Projects

26. This measure of support provides assistance for major projects in manufacturing and most service industries. To qualify, projects must offer the prospect of exceptional national benefit, which might comprise, for instance, a substantial degree of innovation or wider benefits for UK users or suppliers. Assistance is given only to projects which are viable and would not otherwise go ahead as proposed, and the minimum assistance necessary to achieve this is negotiated. At 31 March 1987, assistance totalling £66.8 million had been offered towards 179 projects involving investment of £654.5 million. Payments of £10.3 million were made during the preceding 12 months to bring total payments to £45.4 million, and eight projects were under consideration. Further details are at Appendix 13.

Small Firms Loan Guarantee Scheme

27. This Scheme, which is administered by the Department of Employment, offers guarantees on loans to potentially viable small businesses. Throughout the year guarantees were available to eligible firms covering 70 per cent of bank loans up to a maximum of £75,000, repayable over two to seven years. As announced in the 1986 Budget, the premium payable to the Department of Employment was reduced from 5 per cent to 2.5 per cent on the outstanding balance of loans. This new arrangement came into effect on 1 May 1986—no guarantee being issued in April 1986 as new procedures were being agreed with participating lenders.

¹ Available from the Department of Trade and Industry Enquiry Bureau, 1 Victoria Street, London SW1 0ET.

28. From the commencement of the Scheme in June 1981 up to March 1987, a cumulative total of 17,692 guarantees have been issued covering loans to the value of £581.6 million. At Appendix 14 there are two tables, one showing the guarantees issued since June 1981 and one showing those issued since the premium was reduced to 2.5 per cent.

Support for Advanced Manufacturing Technology (AMT)

29. Support for AMT Project Planning continues. An additional £10 million allocation towards grants for consultancy studies further extends the application of AMT into areas of batch manufacture, particularly in small and medium sized firms. Further details are at Appendix 15.

Investment Support for Microelectronics (MISP 2)

30. This programme of support was announced by the Secretary of State on 19 March 1984 to follow the Microelectronics Industry Support Programme 1 (see paragraph 43). The programme seeks to ensure that the electronic equipment industry has access to internationally competitive microelectronic 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.

31. 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.

32. At 31 March 1987, assistance totalling £37.1 million had been offered for 80 projects costing £233 million. Further details are at Appendix 16.

Investment Support for Fibre Optics and Opto-Electronics

33. This measure of support provides assistance towards the design and development of optical fibres, opto-electronics, optical sensors, instruments and production processes. Assistance may be given under both Section 8 and under the Science and Technology Act 1965. At 31 March 1987, assistance totalling £40.4 million had been offered; £5.6 million under Section 8 with payments totalling £3.1 million. Offers under the Science and Technology Act 1965 amounted to £34.8 million, of which £24.8 million had been paid. Further details are at Appendix 17.

Assistance for the Development of Certification Schemes

34. This measure of support is designed to encourage the development of third party certification systems

in line with one of the major recommendations of the White Paper on *Standards, Quality and International Competitiveness (Cmnd 8621)*. The measure was introduced in April 1983 with an allocation of £0.5 million a year. Up to 50 per cent grant is available. To encourage development of such systems a video presentation—Getting Certified—was introduced in February 1985 and is available from the Department of Trade and Industry's Standards and Quality Policy Unit on free loan.

New certification bodies established during the year with support from this measure include Engineering Contractors Quality Assurance Ltd. At 31 March 1987, payments of grant totalling some £1 million had been made. Further details are at Appendix 19.

Coal Firing Scheme

35. This Scheme, originally known as the Coal Fired Boiler Scheme, opened for applications on 22 May 1981. It aims to help the coal industry compete in industrial and commercial markets; and to reduce industrial energy costs and the UK's longer term dependence on oil and gas. Coverage was extended in March 1982 to the service sector and to include all industrial equipment which is oil and/or gas fired. Capital grants of up to 25 per cent of the costs of converting or replacing such equipment with coal fired equipment may be provided.

36. The Exchange Risk Guarantee Scheme (ERGS) was extended in November 1982 to cover loans from the European Coal and Steel Community (ECSC) or its agents, Investors in Industry, for approved projects involving conversion to coal firing equipment. The ERGS was discontinued on 31 December 1985; companies are still able to apply for ECSC loans, which may be in sterling or foreign currency.

37. The administration of the Scheme has been the responsibility of the Secretary of State for Energy since 1 April 1984. The Scheme closed to new applications on 30 June 1987. At 31 March 1987, assistance totalling £48.2 million had been offered for projects costing £262.1 million. Payments totalled £39.7 million. Further details are at Appendix 20.

Measures closed for application in 1986-87

AMT Project Implementation

38. Support for AMT Project Implementation closed for application on 30 June 1986. At 31 March 1987, assistance totalling £54.9 million had been offered for 331 projects costing £244.7 million. Payments totalling £30.8 million had been made. A further 14 projects were under consideration. Offers are likely to exceed the £55 million allocated, but actual spend will not exceed this sum. Further details are at Appendix 15.

Quality Assurance Support Scheme

39. The Scheme was launched on 20 June 1983 as part of the contribution to the National Quality Campaign. It was 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 or its equivalent. The Scheme closed for application on 19 December 1986.

40. At 31 March 1987, assistance totalling £3.7 million had been offered for 456 projects costing £16 million and a further 128 applications were under consideration. Further details are at Appendix 18.

Measures closed for application before 31 March 1986 with payments outstanding

Selective Investment Scheme

41. Although no payments were made in 1986-87, residual payments are still outstanding in respect of projects assisted under this Scheme. At 31 March 1987 payments of assistance totalled £97.4 million. Further details are at Appendix 21.

Innovation-Linked Investment Scheme

42. This Scheme aimed to assist small and medium size enterprises (employing up to 500 people) launch into production of new or significantly improved products or processes. At 31 March 1987, assistance totalling £2.2 million had been offered for 68 projects costing £12.0 million, and payments totalled £1.4 million. Further details are at Appendix 22.

Microelectronics Industry Support Scheme (MISP 1)

43. This Scheme was designed to support the UK microelectronics industry, including the design and manufacture of silicon integrated circuits and the infrastructure companies which supply equipment, materials and services. Support was also provided for the development of other microelectronic and associated semiconductor devices. Assistance was provided under Section 8 and under the Science and Technology Act 1965. At 31 March 1987, assistance totalling £63.6 million had been offered, £59.1 million under Section 8, with payments totalling £53.1 million. Offers under the Science and Technology Act 1965 amounted to £4.5 million and of this £4.2 million had been paid. Further details are at Appendix 23.

Redmeat Slaughterhouse Scheme

44. At 31 March 1987, there were outstanding commitments totalling £13,000 under the Redmeat Slaughterhouse Scheme.

Offshore Supplies Interest Relief Grant Scheme

45. During the year grants totalling £4.05 million were paid, bringing total payments at 31 March 1987 to £180 million.

Individual Applications under Section 8

46. Cases that cannot be assisted under the General Investment Support for Major Projects, and do not qualify for assistance under other support measures can, on an exceptional basis, be helped using the general powers of Section 8, subject to Treasury and European Commission approvals. One such case was approved in 1986-87, for the Cornish tin mines owned by Carnon Consolidation Ltd, a subsidiary of the RTZ Corporation plc. The assistance is to be provided in the form of an interest-free loan of up to £15 million, together with Government guarantees of commercial loans of up to £10 million. This finance will assist RTZ in undertaking a £31 million capital development project over the years to 1991 with the object of reducing costs at the mines. The commercial loans and the Government loan will be repaid from the profits which will be generated by Carnon Consolidated if the project is fully successful. Payments during 1986-87 totalled £4.1 million.

Special Assistance to Shipbuilding and Associated Industries

Assistance under Part III of the Industrial Development Act 1982

Shipbuilding Intervention Fund

47. On 22 December 1986, agreement was reached in the Industry Council on a new European Council Directive on State Aids to the Shipbuilding Industry. The Directive permits assistance, both direct and indirect, based on the monitored gap between the costs of the most efficient European shipbuilders and the prices quoted by the market leaders. The Directive has a life of four years. The ceiling is subject to annual review and for 1987 has been set at 28 per cent of building cost for ships costing more than six million European Currency Units and 20 per cent for ships whose costs are below this level.

48. During the year, grants of £6.6 million were offered to secure orders for 18 ships totalling 10,040 tonnes. Total grants offered from the inception of the Shipbuilding Intervention Fund in February 1977 to 31 March 1987 amounted to £322.3 million, covering orders for 262 ships totalling 2.1 million tonnes.

Assistance under Part III of the Industry Act 1972

The Home Credit Scheme

49. Payments under three guarantees were made during the year ended 31 March 1987, where the net

proceeds of sale of the vessels concerned fell short of the balance of the guaranteed loan outstanding. The total paid was £1.6 million. 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 1986-87. During the year, six loans were repaid early under this scheme attracting discount totalling £0.9 million. At 31 March 1987, the total amount of principal guaranteed was £809 million. Further details are at Appendix 24.

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

50. The powers under Section 11 are used principally to support the provision of advice to small firms. In England the services described in paragraphs 52 to 57 are administered by the Department of Employment; similar services are provided in Scotland and Wales under the powers in the respective Development Agency Acts.

51. Under this Section the Department of Trade and Industry also provided £23,000 assistance in 1986-87 towards a pilot project in North Central Middlesbrough offering a small number of local firms design and marketing consultancy advice to help identify new market-led product opportunities.

Small Firms Service Counselling Activities

52. Previous Reports explain the background to this facility. During the year, the number of new clients coming forward for counselling was 27,158, compared with 25,349 in 1985-86. The total number of counselling sessions for new and existing clients increased from 35,342 in 1985-86 to 38,210.

53. Each client's first three counselling sessions were free of charge; if further counselling was required each additional session was charged at £30 (including VAT). During the year a proportion of the Service's resources were actively targeted at established businesses, to make such firms better aware of the skills and competences that the Service can offer. It is in this area that the Service believes its counselling skills could be used more to help create growth and jobs. The first Annual Report of the Small Firms Service was also published during the year.

54. Small Firms Service counsellors are employed on a yearly contract basis and at 31 March 1987, 284 counsellors were under contract to the Department of Employment, compared with 300 at 31 March 1986. Since August 1984 counsellors have been paid a fee of £30 per day for their services plus travelling expenses. This fee was increased on 1 January 1987 to £40. The counselling advisers who co-ordinate each regional team were paid a daily fee of £55 to 31 December and £65 from 1 January. In nine regions there are co-ordinators who draw together the advisory work in sub-

regions: they were paid £43 per day to 31 December and £53 per day from 1 January. The overall net cost of the Small Firms Service for the year was £4.7 million of which the direct costs of counselling, including training for counsellors, amounted to £1.9 million.

Assistance to Local Enterprise Agencies

55. On 1 April 1986, a new grant scheme was introduced to assist local enterprise agencies—organisations providing advice to persons carrying on or proposing to carry on a small business. The Local Enterprise Agency Grant Scheme objective is to promote the establishment of viable local enterprise agencies, particularly through encouraging greater private sector support. Funding is limited to those agencies which display long-term viability but which currently lack such sufficient support. Details of payments made under the scheme are at Appendix 25.

56. Financial support was again given to Business in the Community (BIC) to assist with the costs of local enterprise agency personnel attending courses, in the main, at Durham University Business School, and with the costs of publicity and promotion literature. Payments were also made to enable BIC to both initiate surveys connected with the local enterprise agency movement and to establish a computerised information system. Payments during the year totalled approximately £166,800.

Management Training

57. During the year the Department of Employment paid grants totalling £149,000 to 11 separate projects which were aimed at providing advice and support to small businesses through the development of new or different forms of management training. The Department of Trade and Industry paid a total of £107,000 to four pilot projects aimed at promoting innovative approaches to management development. Further details are at Appendix 26.

Other Matters and Developments in 1986-87

Inward Investment

58. Building on the opportunities arising out of the Invest in Britain Bureau's 1985-86 Britain Means Business promotion, the Bureau's promotional activities in the year ending March 1987 were more extensive than originally anticipated and included 35 separate events (three inward missions, 24 seminars/presentations and eight other promotional events). Between 28 and 33 events are planned for 1987-88.

59. It is not possible to provide a comprehensive figure for the amount of foreign investment made in Britain in 1986-87, 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 1986, however, the Invest in Britain Bureau recorded a total of 322 decisions to invest or expand investment in the UK creating in the long term 16,535 jobs and safeguarding 9,564 others.

60. 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 1987 offers of £75 million were made under Section 7 to such companies for 111 projects estimated to cost £740 million. These projects are expected to create 8,942 jobs and safeguard 7,909 others. Of the projects assisted, 51 per cent involved American-owned companies and these accounted for 64 per cent of total project costs under this Section and 53 per cent of the value of offers made. In 1986-87 a total of five projects were offered assistance under Section 8 General Investment Support for Major Projects. Of the projects assisted two were foreign-owned and received offers of assistance totalling nearly £3.5 million.

Publication of Assistance Offered

61. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1987 were published in British Business on 26 September and 28 November 1986, and 27 March and 19 June 1987. In accordance with previous arrangements publication is limited to offers of grants of £5,000 or more.

62. Similarly, details of offers of Section 8 assistance of £5,000 or more were published in British Business on 12 September and 12 December 1986, and 3 April and 26 June 1987.

63. Details of payments of Regional Development Grants totalling more than £25,000 in a quarter during 1986-87 to undertakings in a Travel-to-Work Area were published in British Business on 19 September and 5 December 1986, and 10 April and 10 July 1987.

Industrial Development Advisory Boards and Industrial Development Boards

64. 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 S Thomson, retired from the Board. One new member, Mr J Hewitt, was appointed to the Board.

65. 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. Lists of

the Chairman and Board members are at Appendix 27. Commentaries by each of the Boards on their work follows.

Commentaries by the Industrial Development Advisory Boards and Industrial Development Boards

Industrial Development Advisory Board

The Board has continued to advise the Secretary of State on the provision of selective financial assistance under Sections 7 and 8 of the Act. Fifteen meetings were held to consider 34 applications for assistance.

The Board considered 14 applications under Section 7, which provides for assistance for projects in Assisted Areas, that create or safeguard employment. Of these, the Board found that 13 applications met the relevant criteria and recommended the assistance proposed.

Four applications were considered for Support for Major Projects. All were considered to meet the relevant criteria. The Board recommended assistance on seven applications for investment support for Advanced Manufacturing Technology. Two applications were recommended under the Coal Firing Scheme which has the objective of reducing industry's dependence on oil and gas based energy sources.

Two applications for Investment Support for Micro-electronics were considered. The Board decided that both applications met the relevant criteria.

At Ministers' request, the Board also advised on major Support For Innovation applications for assistance under the Science and Technology Act 1965. Five applications were considered. Of these, the Board found that three met the relevant criteria and recommended the assistance proposed.

The number of applications considered by the Board was again lower than in the previous year. However the quality of cases considered by the Board remains high, and selective financial assistance continues to make a positive contribution to encouraging innovation and investment.

SIR RONALD HALSTEAD, CBE
Chairman

Scottish Industrial Development Advisory Board

The economic recovery of the UK economy as a whole over the past year has not been paralleled in Scotland,

mainly due to the recession in the oil industry, which will also affect prospects for 1987.

Despite a falling level of UK unemployment, the Scottish rate continued to rise over the past year. Seasonally adjusted unemployment rose by 6,700 over the year to March 1987, to a rate of 13.7 per cent of the working population, and by March 1987 the Scottish-UK unemployment rate difference had widened to 2.7 percentage points compared with 1.8 percentage points one year earlier. The weakening of the oil related sector has contributed significantly to this and although most regions have been affected at least to some extent, the loss of jobs in Grampian was most acute. However, unemployment fell in both February and March 1987 and there are reasonable prospects for this trend to continue.

Whilst investment prospects still remain relatively poor in Scotland an upward revision of investment intentions was recorded in the recent Scottish Business Survey. North Sea Oil related investment fell in the face of sharp reductions in activity over the past year and on-shore business investment in 1986 seems to have suffered from the acceleration of capital spending in 1985, ahead of the final stage of the changes in capital allowances announced in the 1984 Budget. Increased efficiency and plant replacement continued to be the main motives for new investment, reflecting the view that future profitability will depend less on the world price of material and fuel and more on the ability of companies to control their direct costs of production.

In the financial year 1986-87 applications for Regional Selective Assistance (RSA) worth £88.9 million in grant were received for 182 projects. This represented an increase on 1985-86 when applications were received for 153 projects and £85.4 million grant.

138 (136) offers of RSA were accepted in 1986-87 (previous year's figures in brackets) with a value of £36.1 million (£59.2 million) and associated project costs in 1986-87 were £492.4 million (£762 million). These offers were expected to create 4,405 (9,460) new jobs and to safeguard an additional 3,553 (6,170) existing jobs.

RSA continued to play an important part in encouraging investment by overseas companies in Scotland although the number of applications by overseas-owned companies fell from 23 in 1985-86 to 19 in 1986-87. The value of grant sought in 1986-87 was £50.0 million (£51.4 million) and associated project costs £285.1 million (£332.2 million). Applications in these years have so far resulted in the companies concerned accepting offers of RSA worth £28.4 million with associated project costs of £519 million and almost 4,900 new or safeguarded jobs.

European Investment Bank (EIB) funds continued to be available, but with the minimum loan now in the region of £1.5 million, available either in Sterling or mixed currencies. The Government continues to offer Exchange Risk Guarantee (ERG) on ECSC loans of up to £500,000 and 39 (54) offers of ERG were made on

ECSC loans with a value of some £9.5 million (£11.6 million).

The Better Business Services Scheme (BBS) continues to be an important source of assistance to small and medium sized businesses in Strathclyde and the assisted areas of Tayside. The scheme, which is out with the Board's main function of advising the Secretary of State, is funded from the European Regional Development Fund special measures and is aimed at helping small and medium sized companies improve their management, marketing and financial skills. In the last year the scheme has attracted some 4,866 (6,500) applications and has paid out over £1.7 (£1.5) million in grants.

Better Technical Services (BTS), which was introduced in 1985 to enhance and complement BBS, has proved particularly useful in helping those small firms affected by the closure of traditional industries. Grants can be paid to help with product and process design, development, feasibility and implementation; with the complex area of patents and licensing; and with the development of comprehensive marketing programmes. During 1986-87 the scheme had over 1,295 (1,000) applications and over £750,000 (£500,000) has been paid in grants.

The third element in the use of funds from the ERDF Non-Quota programme was the introduction in April, 1986 of the Government Assistance Promoter's Scheme (GAP). Some ten organisations, both public and private sector have been appointed to promote information about the availability of the range of Government Schemes of Assistance amongst the business community. £180,000 has been committed to the scheme.

During the year Mr Barrie Lawson, Professor Jack Shaw and Mr David Shoat were appointed to the Board. This followed the retirement of Mr John McGregor, Mr William Low, who had served since 1979, and Mr Alistair MacLeod-Matthews, a founder member.

SIR ROBERT C SMITH, CBE
Chairman

Welsh Industrial Development Advisory Board

Manufacturing output has grown steadily in Wales during the past year and, for the whole of 1986, was 2 percentage points higher than in 1985. While the biggest gains were achieved by the more traditional industries such as metals, metal goods, furniture and food, these represent increases from a previously depressed level and do not diminish the priority of stimulating expansion in new technologies and other growth sectors.

By April 1987, unemployment had fallen for ten consecutive months and there had also been a narrowing of the differential between the Welsh and UK rates. In

April 1986, Welsh unemployment was 2.6 per cent above the UK rate but this had fallen to 2 per cent by March 1987.

Job losses have continued to occur in the manufacturing sector as a result both of plant closures and of reduced employment levels at other plants. These have, however, been mitigated by job gains at newly-opened plants such as Heinz and Orion Electric, and by expansions at established operations; a particularly encouraging development in the latter category was Hoover's decision to transfer its head office to Merthyr Tydfil. Whilst, overall, there has still been a net loss of manufacturing jobs, this has been limited to fewer than 2,000 since mid-1985. The prospects now are for stability in manufacturing employment, if not yet growth, but it is noteworthy that there has been an encouraging rise in the number of unfilled vacancies.

Effort must, of course, be maintained to redress the imbalance in employment opportunities which persists in Wales in comparison with the more prosperous parts of the UK and further progress can be expected over the coming year. The outlook for manufacturing industry now appears to be more favourable than for some time and, during the last three months of 1986-87, industrialists in Wales were becoming increasingly confident that the level of activity would continue to rise during 1987.

The Board was again pleased to note the contribution which WINvest made in helping to secure a total of 61 projects from overseas. Of these, 21 were new projects—11 from Europe, eight from North America and two from Japan—involving 1,200 jobs and capital investment of some £28 million. Twenty-six expansions by established foreign operations should create a further 1,900 jobs and safeguard another 1,200. These will involve capital investments of £142 million and are particularly gratifying as they demonstrate the readiness of overseas companies to build upon their satisfactory experience in Wales with substantial further investment. The remaining 14 projects were acquisitions and joint ventures which brought the total number of jobs to be created or safeguarded to nearly 6,200 and the capital investment to over £200 million.

During the year, the Welsh Development Agency let more than two million square feet of factory space—its highest level ever. The Board is very conscious that the availability of suitable accommodation is crucial in attracting new projects and we have noted that over the next three years the Agency plans to develop more than three million square feet of additional industrial floorspace—sufficient to accommodate a further 7,500 new jobs.

During 1986-87, applications for Regional Selective Assistance were received in respect of 223 projects and 137 offers of assistance with a value of £36.5 million were accepted by companies. These projects are expected to create 5,546 new jobs while safeguarding a further 4,139. They include a number of major new developments and expansions by both British and overseas companies. Among the former, expansions by

Plessey Naval Systems at Newport and the AB Electronic Products Group at Rogerstone and in the Rhondda, and fresh investment by Christie-Tyler on Deeside are particularly noteworthy and, in the latter category, three Japanese companies, Hitachi, KME and Sony, will be undertaking investments totalling more than £40 million in South Wales, creating some 800 new jobs. In addition, exchange risk cover was provided on loans totalling more than £12 million from the European Coal and Steel Community.

1,180 projects were approved for new-style Regional Development Grants, with a total value of £56.1 million; 17,209 new jobs are associated with these projects.

The Business Improvement Services package of schemes continues to operate successfully. During 1986-87, 833 applications were received, leading to 591 offers of grant totalling £1.2 million. In January 1987, the European Commission announced an additional tranche of funds amounting to nearly £1 million to be allocated to the counties of Clwyd and Gwent. This is in addition to the £16.5 million which has already been made available to assist small and medium-sized firms before the scheme ends in March 1989.

During the year, Mr Tom Morgan resigned from the Board following his appointment as Industrial Director at the Welsh Office. We should like to express our appreciation of the valuable contribution which Mr Morgan made during his two and a half years of membership and we look forward to a continuing fruitful relationship with him in his new role. In place of Mr Morgan, the Secretary of State appointed to the Board, Mr Alan Cox, Chairman and Chief Executive of Allied Steel and Wire Limited. However, Mr Cox was subsequently appointed a member of the Cardiff Bay Development Corporation and, in consequence, he resigned from the Board in April 1987. We wish him well and pay tribute to the contribution he made during his six months' membership.

P J PHILLIPS, OBE
Chairman

North Eastern Industrial Development Board

Industry in the Region

Business confidence continued to improve over the year reflecting modest growth which occurred in output and sales in home and export markets and the year ended on a note of increased optimism. This improvement was led by the Region's newer industries and those which quickly adapted to current market demands. The Region's traditional industries, however, continued to face difficult problems.

Further rationalisation took place in the Region's coal,

steel, shipbuilding and heavy engineering industries and prospects now seem a little brighter. This is demonstrated by productivity gains in the mines and profits generated in the Region to help British Steel become profitable for the first time in a number of years. Notwithstanding limited export opportunities, the heavy engineering industry should benefit from major engineering projects such as the Sizewell B Reactor and, in the longer term, new coal-fired power stations for which plans were announced recently.

The chemicals and pharmaceuticals sector performed relatively well. In particular the chemical industry's move towards specialist products helped to offset the effect of the low profit margins and the highly competitive pressures in the bulk chemicals market. The situation in the oil and gas sector stabilised a little in line with oil prices although early forecasts that the industry would be a major factor balancing the decline in shipbuilding have been overtaken. The dearth of orders dashed the hopes of the previously buoyant offshore sector which suffered from over-capacity during the year leading to some major failures. The construction and civil engineering industry remained depressed although there were some signs of an uplift in orders albeit from very low levels.

Exporters in the Region enjoyed more buoyant trading conditions this year compared with the previous year and reaped the benefit of efforts to improve competitiveness. More aggressive attitudes to improving penetration in existing markets and finding new markets (including first time exporters) and more favourable and stable exchange rates also contributed to this upturn in exports activity.

Costs which firms can influence remained under control with labour costs being met by productivity and industry benefiting from lower real energy costs. However, the burden of rates is still a serious concern.

In spite of the generally improving economic situation, investment in expansion remains cautious. The level of investment by established industry in the Region was hampered to some extent by uncertainty over market prospects and most notably by the high real cost of borrowing.

Unemployment

The various positive indicators did not, however, result in any major jobs stimulus although the employment market showed some optimistic trends. Redundancies in 1986 although still running at proportionately the highest level in Great Britain were a third down on the previous year and, in the year to September 1986, the number of those in employment increased by 10,000. This increase was attributable to additional jobs in the service sector. This contrasts with the net job losses reported last year. The unemployment trend is also turning downwards. In February 1987 205,468 people or 19 per cent of the workforce were claiming benefit (compared with the national rate of 11.5 per cent) a fall of over 10,000 on the previous year. In spite of this improvement the Region still faced the highest unem-

ployment rate in Great Britain and contained some of the country's major unemployment black spots such as South Tyneside (24.7 per cent), Hartlepool (22.9 per cent), Middlesbrough (21.7 per cent) and Sunderland (21.0 per cent). Similarly around 46 per cent of the unemployed have been out of work for over a year.

The Region's employment and skill structures are still geared towards its traditional industries. The increasing shortage of skilled technicians also remains an area of concern. The Region's labour force has, however, with the aid of various Government schemes, demonstrated a willingness to adapt and readily assimilate the skills needed for current and future market requirements.

Regional Financial Assistance

The number of applications for assistance under the old style Regional Development Grants (RDG), continued to fall, following the end of this scheme in November 1985. In 1986-87 payments under the scheme totalled £68.0 million, an increase of £30.6 million on the grant paid in the previous year. This is mainly attributable to the four month deferment in payments which, when introduced in January 1985, resulted in less grant being paid in 1985-86 than there would otherwise have been, and also due to significant payments of grant on large projects which last year reached reconciliation stage.

The demand for assistance under the new RDG scheme continued to run at a high level. During the year, some 2,000 offers amounting to £53.4 million of grant were approved. If these projects proceed as forecast some 16,800 jobs will be created.

The manufacturing sector continues to be the greatest beneficiary although the service sector now accounts for 17 per cent of the offers made. More than 95 per cent of the number of offers made have been to small firms with less than 200 employees.

Total payments from the start of the scheme to 31 March 1987 were £30.3 million. Some 11,200 jobs have been created in respect of these projects. Of the total grant, £21.5 million was paid in the financial year 1986-87.

Offers of Regional Selective Assistance (RSA) were made for 207 projects, a marked increase compared with 120 in 1985-86. Total assistance was £32.8 million (£19.7 million in 1985-86) and the related capital investment was £254.1 million (£187.7 million in 1985-86). Overall it is expected that the projects will provide 4,532 additional jobs and safeguard 4,760 compared with the 1985-86 figures of 4,114 and 1,714 respectively. During the year 227 applications were received which was 72 per cent greater than the previous year.

The rise in RSA applications has, in the main, stemmed from the small firms sector which is reflected by the high percentage of low value projects that were assisted. The increased proportion of safeguarded jobs compared with last year's return indicates that RSA is increasingly being used as a means to sustain and create long

term viability for established industry in the Region.

During the year over 636 small firms and support agencies received offers of assistance worth a total of £3.03 million under the Business Improvement Services (BIS) package, a scheme supported by the European Regional Development Fund. The assistance is aimed at generating new economic activity in areas suffering from the decline in the Region's steel and shipbuilding industries. The consultancy sector of this scheme has continued to prove most popular and some 489 firms received offers of support towards the cost of employing independent business and marketing consultants; the value of offers totalled £588,000. A further 71 were assisted with market research projects and value of grant offered totalled £219,000. Fifty-eight small firms undertaking new project feasibility studies were also offered assistance amounting to around £139,000.

Over 70 per cent of the BIS funds have been committed and in Durham and Tyne and Wear the scheme is now limited to support for consultancy work. All aspects of the scheme remain operational in Cleveland.

The BIS scheme is widely held to be of great benefit to the Region's Small Firms' sector and to be a notably successful means of assisting and encouraging businesses from their earliest stages of development (45 per cent of cases in the North East involve firms with less than five employees). The rundown of the scheme in Durham and Tyne and Wear has caused concern and small firms' organisations are unanimous in expressing the hope that the means can be found for it to be continued.

Other Matters

Two major initiatives unique to the North East were developed during the year to improve the Region's technology base. The first of these was the establishment of seven Sector Working Groups comprising senior industrialists and academics in key industrial sectors. The Groups are charged with the critical examination of these industries in the Region to identify shortcomings, particularly in the field of training (especially given the emergence of shortages of key skills in some high technology fields), and recommend best practice in manufacturing. They are also an important focal point for the production of industrial promotion publications to attract inward investment. Working Group members are also involved in the second of these new initiatives. This comprises a strategy to link the North East of England to three other European centres, Grenoble, Turin and Stuttgart, in all aspects of industrial research, development and higher education. Close relations have been established with all three centres and two major promotions are planned.

Industry Year 1986 in the Region was particularly successful in bringing industry and education together and has led to an on-going idea of an Industry/Education Forum based upon our four Scientific and Technical Regional Organisation (SATRO) centres.

A number of senior executives were 'shadowed' by sixth

formers, and this was particularly helpful in pointing to careers in industry and commerce.

The formation of the Newcastle and Gateshead City Action Team (CAT) and the Cleveland Co-ordinating Team (CCT) which co-ordinated the 1986-87 programmes of the Department of Trade and Industry, Manpower Services Commission, and Department of the Environment was reported last year. A similar organisation has been set up in Sunderland—the Sunderland Economic Regeneration Team (SERT). The overall aim of SERT is to facilitate job creation and increased economic activity in that area. As part of the package of measures designed to help alleviate the effect of shipbuilding redundancies, the Government provided £1 million to the CAT, which has been used flexibly to support a wide range of projects throughout the Region in design, marketing and new technology.

The Northern Development Company

This important partnership of industry, commerce, the local authorities and the regional TUC was launched with full support and financial assistance from central government. The organisation is non-party political and its defined objectives are:

- to promote and encourage investment;
- to promote, encourage and develop trade, industry and commerce;
- to encourage the reduction of unemployment and the creation of suitable employment opportunities;

and thereby to further encourage the improvement of the quality of life in the Region.

The intention is to further these aims by improved promotion and marketing of the Region. The Northern Development Company will incorporate the existing regional development organisation (the North of England Development Council) concerned with inward investment. It will also aim to promote the Region within the United Kingdom, with particular attention to links with the City. It will set up close collaborative arrangements with Government Departments, English Estates, and other organisations working for the benefit of the Region.

PROF W G McCLELLAND, MR B H APPLETON

During the year Prof W G McClelland retired from the Board after ten years of service and Mr B H Appleton resigned following his relocation outside the Region. Their valuable contributions are gratefully acknowledged and appreciated by the Board.

L R MANN, OBE
Chairman

Yorkshire and Humberside and East Midlands Industrial Development Board

Yorkshire and Humberside Region

General

Much of manufacturing industry in the Region is now showing the benefit of the radical restructuring that led to the heavy job losses of previous years. Strong management and firm cost control, with greater attention to product quality and design, have contributed to another year of good progress, reflected in improved profit performances by individual companies in many sectors. With productivity continuing to increase and expectations of falling interest rates, there is now a solid basis for continuing business confidence in the Region. Exporters have been doing well and the outlook for expanded overseas trade is encouraging, although there is currently some concern about the strengthening of sterling against the dollar.

The increased business activity is, however, not yet having a major impact on unemployment, which remains persistently high. Although significant investment has taken place, much of it is of a labour saving character, and new jobs being created are scarcely keeping pace with jobs lost. The unemployment situation in the Yorkshire coalfield continues to deteriorate as the labour force in British Coal is reduced, and a number of other major redundancies have been declared, particularly in steel, engineering and tractor production, in various parts of the Region.

Turning to individual sectors, the Region's textile and clothing manufacturers have continued to make solid progress, and although numbers have been considerably reduced in recent years employment appears to have stabilised. These industries are now highly productive and efficient and, given fair trading terms, are able to compete on design, quality and price with most of the rest of the world's textile industry. 1986's total of wool textile exports, much of it of high quality wool worsted cloth sold all over the world by Yorkshire firms, did not come up to the record of 1985, owing to difficulties in certain overseas markets, but was nevertheless at a very creditable level.

The Region's steel industry is now efficient and profitable. BSC's general steels plant at Scunthorpe has broken production records and is to have major investment in a new sinter plant. United Engineering Steels, based in Rotherham, is ending its first year of operations in profit, with a substantial investment programme underway including a £60 million continuous casting plant. However, UES has announced that 600 redundancies will take place at its Stocksbridge plant over the next 18 months, in the continued drive to improve its competitive position.

British Aerospace at Brough has taken on more people to cope with increased orders.

The chemicals sector has been helped by the depreciation of sterling and again is an industry which

is seeing the fruits of higher productivity and better marketing, with most companies doing well both at home and overseas. Fertiliser manufacturers have, however, continued to suffer because of reduced demand worldwide and severe competition. There were major investments in the chemicals sector within the Region, particularly in Humberside.

The glass containers industry, which is prominent in the Region, had a better year, but there is continued overcapacity in the industry and trade remains difficult and very competitive.

Mechanical Engineering was an industry which had a notably difficult year. Continuing pit closures in Yorkshire had an adverse effect on mining equipment manufacturers and producers of supplies, such as wire ropes and conveyor belting. Some firms have also felt the effect of lower demand from the oil and agricultural industries. The announcement of heavy redundancies in the Region at British Rail Engineering Ltd was a severe blow, particularly to Doncaster. However, most engineering companies affected by problems at home have redoubled their efforts to find overseas business, with some success.

Unemployment

In February 1987, there were 310,243 (13.5 per cent) people unemployed against 321,312 (15.8 per cent on a different statistical basis) in February 1986, reflecting the downward trend since the autumn of 1986. The outlook for a further fall in unemployment is encouraging but the figures are unlikely to change significantly in the short term.

South Yorkshire, followed by Humberside, is still the area most severely hit by structural unemployment. Heavy and continuing job losses, particularly in the mining and steel industries of South Yorkshire, and more recently in the railway engineering sector, will be difficult to make good. To this end we would welcome more applications for assistance of major projects to be located in Barnsley, Doncaster, Rotherham and Sheffield.

Government Assistance

There were slightly fewer applications for Regional Selective Assistance compared to the previous year, reflected in the number of offers made. The Regional Office made 107 offers (116 in 1985-86). The value of grants offered totalled £8.3 million (£7.0 million) in support of projects involving capital expenditure of £75.7 million (£70 million). It is expected that the projects will create or safeguard 3,909 jobs (3,248). In addition it should be mentioned that there was one offer of assistance made on the advice of the Industrial Development Advisory Board relating to two associated projects in the Region. This totalled £3.8 million towards capital expenditure of £23 million and the projects are expected to create 673 jobs.

Most industrial sectors represented in the Region ben-

efited, with the notable exception of steel and glass containers.

Of the 107 offers made by the Regional Office 41 were to companies in West Yorkshire (ie Bradford Travel-to-Work Area), 38 in South Yorkshire, 27 in Humberside and one in North Yorkshire.

Some major projects supported by Government assistance have been announced during the year. In the Bradford Travel-to-Work Area these have included expansions by Thomas's Petfoods and Spring Ram, and a joint venture to produce coloured synthetic fibre tops between the Japanese Asahi Chemical Industry and Woolcombers. We have also welcomed some other projects from overseas, such as those by Poly-Hi and Skippingdale Paper Products, in Scunthorpe, which is showing signs of revival aided by its Development Area and Enterprise Zones.

In the Development Areas (ie Rotherham and Mexborough, Scunthorpe and Whitby Travel-to-Work Areas) many projects had offers of Regional Development Grants, which as in the previous year were sufficient to secure job creation projects without the need for additional Regional Selective Assistance. Indeed, Regional Development Grants (RDG) formed a major element in the Department's support to industry in the Region. During the year some 700 projects were approved for RDG (374 in 1985-86) amounting to £17.3 million in grant (£14.4 million).

The East Midlands

General

The year has been marked by cautious optimism. Investment has increased as have home and export market sales, especially during the last few months. Companies expect these improvements to continue. Nevertheless many industries are not employing more labour and manufacturing industry continues to shed jobs.

Business confidence is highest in the south of the region where the impact of regional policy on job creation in the Corby DA, the success of the Wellingborough Enterprise Zone, the expansion of distribution industries and less import penetration of footwear have all contributed to increased confidence. By contrast the traditional industries in the north of the Region have continued to shed labour. In the coal industry this has been a result of rationalisation. In knitwear and hosiery redundancies have been blamed on high levels of imports from low-cost countries in the early part of the year, following the establishment of new bilateral Multi-Fibre Arrangement quotas.

Export performance benefited from a fall in the level of sterling. Among the industries which reported improved export sales and orders are machine tools and mining equipment but for the latter improved exports have not offset depressed demand from British Coal.

Unemployment in the Region has fallen marginally over

the past year. Redundancies among which those in the coalmines represent a high proportion, have increased for the Region. Skill shortages, especially in the textile and some engineering sectors, have persistently been cited as a restraint to growth. There is also concern about the scale of some local rate increases.

Unemployment

In February 1987 unemployment in the East Midlands was 201,459, a decrease of 4,422 on the February 1986 figure. 19,578 redundancies were declared in the region in 1986 compared with 16,700 in 1985. All counties showed a drop in unemployment over the year to February 1987.

Corby's unemployment rate fell significantly from 22.5 per cent in February 1986 to 16.6 per cent in December 1986. The traditional seasonal rise brought the level up to 17.4 per cent in February 1987.

Government Assistance

During the period under review 32 offers (41 in 1985-86) of assistance under Section 7 of the Industrial Development Act 1982 were made for projects costing £25 million (£25.1 million). Grants offered totalled £3.1 million (£2.7 million) and it was expected that 1,004 (999) jobs would be created/safeguarded as a result. The level of interest in selective assistance within the Corby Development Area has fallen since the introduction of the new Regional Development Grant scheme under the revised Part II of the Act.

MR T McDONALD, OBE, FCA
Chairman

South West Industrial Development Board

The year was dominated by the aftermath of the 'tin crisis' and continuing uncertainty over the future of Devonport Dockyard and Westland, all of which have led or will lead to significant redundancies within the Region. However, genuine improvements have been seen in industrial activity and performance and there has been an encouraging level of new investment, particularly in the Assisted Areas. This includes an expansion of activity by Pall Europe in Redruth, a major investment by the Dee Corporation in the Cinderford and Ross on Wye Travel-to-Work Area and the announcement by Lloyds Bank of a transfer of activity to Bristol which is expected to generate 1,200 new jobs. The number of new small firms is encouraging but the growth of individual firms appears to be inhibited, *inter alia*, by the lack of an adequate financial services sector. In this regard, the Board welcomes the decision of Devon County Council to establish the Devon Enterprise Fund and expresses the hope that private

sector funding can be attracted to the Fund.

Unemployment in the South West Region as a whole stood at 9.6 per cent in March 1987 with continuing blackspots in West Cornwall and unemployment rates of above 15 per cent in a number of non-assisted areas. The expected reductions in the workforce at Devonport Dockyard will have a significant effect on the future of Plymouth and the Board judges that continued Assisted Area status is essential to the well-being of the local economy.

As a response to the closure of significant tin mining capacity in West Cornwall, the Government introduced the Business Improvement Services Scheme in the Penzance and St Ives Travel-to-Work Area. The Board welcomed this decision, and is encouraged by the response to the Scheme and by the improved take-up of other forms of assistance generated by the activities of the Penzance office. In the period July 1986 to March 1987, 118 applications for support under the BIS scheme had been received of which 89 had been approved leading to investment of some £1.5 million and the creation or safeguarding of 215 jobs.

During the year 1986-87, 31 offers of assistance totalling £5.9 million were made under Section 7 of the Industrial Development Act towards investment of £38 million which is expected to create or safeguard 1,841 jobs. Since the introduction of the Act in 1972, 521 offers amounting to £39.8 million have been made on projects estimated to cost £310.2 million and to create or safeguard 23,632 jobs.

The Board is anxious to see increased activity by English Estates in the South West Peninsula. It would like to see closer links with local authorities to ensure better presentation of existing estates and to identify opportunities for viable developments relevant to a wide spectrum of employment opportunities.

The Board welcomes the continued improvements in the road network, for example the Okehampton by-pass and the North Devon link road, though overall the problems still deter industrial investment particularly in the far South West. The Board welcomes the further development of air links resulting from the decision to give Brymon Airways access to London Docklands and onward to Europe. It continues to be concerned about the poor rail services westward from Plymouth.

In conclusion, the Board emphasises that the Region as a whole and especially West Cornwall must complement the attraction of inward investment with support for the growth of indigenous industry and commerce.

During the year Mr Michael Knight was appointed to the Board.

K E HOLMES
Chairman

West Midlands Industrial Development Board

Despite some diversification of employment the Region remains very heavily dependent on the metal goods, engineering and vehicles sector which lost a third of its workforce between 1979 and 1985.

However, business sentiment has become markedly more optimistic during the last few months. The fall in the exchange rates of the pound has led to greater confidence in export prospects. Concern has continued to be expressed about the level of interest rates, and there remain worries about the attitude of financial institutions to long-term loans for industrial investment in the Region. Generally, the Region's major companies have been reporting increased profits.

In addition to its assisted area status, the Region has two Enterprise Zones (Dudley and Telford), an Inner City Partnership and a City Action Team based in Birmingham. An Urban Development Corporation for the Black Country has recently been designated.

The West Midlands is attracting a substantial share of the UK's inward investment. Three major investments in Telford have been announced in the last few months; the largest of these, by NEC of Japan, is expected to create 900 jobs.

Unemployment

Unemployment in the Region remains above the national average, though the reduction seen at national level has also occurred in the West Midlands. In March 1987, the West Midlands Region as a whole had an unemployment rate of 14.3 per cent compared with a national (GB) rate of 12.5 per cent. Comparable figures for March 1986 were 15.5 per cent against a GB rate of 13.6 per cent. Redundancies over the past year (to March 1987) amounted to 14,365, declared by 348 companies; this is an improvement on the previous 12 months when 23,263 redundancies were notified by 398 companies. Major West Midlands employers, such as Automotive Products, GKN, the Rover Group and Massey Ferguson have continued to experience difficulties.

Of the eight Travel-to-Work Areas in the Assisted Area, Coventry and Hinckley, and Cinderford and Ross, have shown the greatest improvement in unemployment rates. In March 1987 Coventry and Hinckley's unemployment rate stood at 14.1 per cent.

Telford and Bridgnorth TTWA remains the worst affected area in the AA, with the rate of unemployment at 18.7 per cent in March 1987.

Government Assistance

It is encouraging to note that the good response to the designation of Assisted Area status to the West Midlands since November 1984 has been maintained during the past year. Over 350 projects have been

supported in the period with grant of £39 million being offered. These are forecast to generate investment of £320 million with employment benefits for 15,000 jobs (10,000 new and 5,000 safeguarded). Take-up of offers has also been quite high with grant of £9.6 million having been paid out in response to over 250 claims for payments.

Cases which have sought the Board's advice during the year again reached a level of 50 of which four involved overseas companies interested in establishing facilities in the UK.

The Board is happy to report that the diversification into sectors apart from those traditional to the West Midlands is continuing; and signs of expansion of the business service sector within the West Midlands Assisted Area are of particular note. Increased interest is being shown by smaller companies (employing less than 50) in Regional Selective Assistance.

Although much has been achieved in the past two years, there is still a lot to be done to help the regeneration of West Midlands industry. Promotion of the assistance available under Section 7 of the Industrial Development Act 1982 continues to form an important part of the Department's activities in the region.

During the year three members retired from the Board—Michael Cross, Bill Jordan and Malcolm Skillicorn and the Board wishes to express its gratitude for their time and services. Three new members—John Allen, Graham Mackenzie and Brian Senior have recently been welcomed to membership of the Board.

E SWAINSON, CBE
Chairman

North West Industrial Development Board

General Outlook

The Board has been encouraged by the general improvement in business confidence in the Region which has been sustained throughout the year. There are now more grounds for optimism than for some time past. A welcome indication of this improvement in confidence has been the 76 per cent increase in the number of investment projects which have been supported by Selective Financial Assistance. Companies within the Region continue to work hard to maintain their competitiveness, and there are signs that some benefits have arisen from a more favourable exchange rate against our European trading partners. While some sectors (such as textiles, pharmaceuticals and aerospace) are more buoyant than for some years, in others, particularly mechanical and heavy electrical engineering, the emergence from recession continues to be hesitant. The Board remains concerned about the inability

of some of these key engineering sectors to supply machinery to the rest of industry, as revealed by the purchase lists in the cases it considers. *It therefore welcomes the initiatives being taken to make UK purchasers more aware of alternative British suppliers of plant and equipment, but there is also a need to ensure that UK producers are made aware of gaps where demand is being met by imports.*

The Board is concerned, now that inflation is being held down, that historically high real rates of interest are acting as a disincentive to further essential investment. Growth is, however, being helped by good industrial relations throughout the region.

INWARD

The Board has followed with interest the development of INWARD (the promotional body for the North West) in its first full year of operation, and has on a number of occasions dealt with selective assistance cases with which INWARD has been involved. Particularly encouraging aspects of INWARD's development have been the increasing level of support from the local authorities and the private sector in the Region, and INWARD's progressive ability to co-ordinate all overseas promotional activity for the North West. *For the first time the region is beginning to be promoted effectively overseas.* The Board has been pleased to note that the Department of Trade and Industry has recognised INWARD's progress and has been able to meet in full its request for increased financial support in 1987-88.

NIMTECH-NW

There are other signs too that the Region's increasing need to act and speak with a single voice is being more widely recognised. The business community is taking the lead in this. NIMTECH-NW, a technology transfer initiative led by the major companies in the Region, is making steady progress. It is co-ordinating the North West's bid—involving all Higher Educational Institutions in the Region—to be one of four Regional Technology Centres established in England during 1987 and to be part-funded by the Department of Trade and Industry, the Department of Education and Science, and the Manpower Services Commission.

Trafford Park Development Corporation

The Board welcomes the initiatives between the private and public sectors which have led to the establishment of an Urban Development Corporation to re-create Trafford Park as a focus for industrial and commercial development within the Region. There seems every prospect that heavy private sector investment will follow the public funds which are to be committed, and that the large numbers of new jobs which should accompany this will do much to revive the economy of the Manchester/Salford Inner City areas.

Redundancies and Unemployment

Continuing job losses, particularly in manufacturing, remain a feature of the North West economy with around 41,000 redundancies during 1986, a rise on the average of the previous two years, but well below the peaks of the early '80s. These job losses reflect not only the continuing rationalisation of the Region's older industries, but also the further investment in more capital intensive plant which is taking place throughout manufacturing industry. Sectors continuing to be most affected by cut-backs are Mechanical and Electrical Engineering, Food, Drink and Tobacco, Vehicles and Chemicals. *Nevertheless, there are examples of new manufacturing industries expanding, and throughout the region the gains in increased productivity have been maintained.*

There have been more encouraging signs towards the end of the year of a downward trend in the underlying rate of unemployment, although the levels remain high in many areas, particularly the inner cities of Liverpool and Manchester. *The Board welcomes the measures being undertaken to help the long-term unemployed as well as school leavers.*

Some of the present employment and social security regulations remain barriers to the taking on of new employees particularly for small businesses and for part-time/short-term requirements. The Board also considers that the present level of the Employer's National Insurance contributions should be cut to encourage employers to take on more people.

Training

Increased business activity has highlighted the mismatch between the demand for skilled labour and the types of skills which are available. *Expansion in many sectors is now beginning to be hampered by shortages of suitably skilled workers.* There is also a need to raise the general level of skills in the Region's workforce, and the Board welcomes the steps being taken by the MSC to increase training provision after school leaving age. *We must, however, record once more our concern over the basic numeracy and literacy of many school leavers who fall short of the needs of industry and commerce.*

Regional Assistance

The Board has been particularly encouraged by the considerable increase in Regional Selective Assistance activity during the past year, with a doubling of the number of offers made. During the year offers were made towards 237 projects creating new jobs and 29 projects safeguarding employment. Assistance provided to all sectors amounted to £43.3 million in grants. These projects in total involve the creation of 5,091 jobs and the safeguarding of 4,641 existing jobs. Total investment in all offers amounts to £319 million compared with £240 million in 1985-86; they included 51 projects individually involving investment of over one million pounds compared with 36 in the year 1985-86.

Within the totals 55 offers were made in the

Manchester/Salford Area with £2 million of assistance involving the creation of 700 new jobs and safeguarding a further 47 jobs. In the Merseyside Taskforce Area 14 offers were made with £13.4 million of assistance involving the creation of 337 new jobs and safeguarding a further 732. The rate of applications under the new Regional Development Grant scheme continues to rise, and the Board notes the use made of the scheme by firms below 200 employees, who have received around 80 per cent of grant so far paid.

Business Improvement Scheme

After a very strong initial take-up the rate of applications has diminished over the past year. Up to 31 March 1987 almost 4,000 applications have been received against which nearly 2,600 offers of grant have been made, committing an aggregate sum of £14.8 million out of a total allocation of £20.6 million. Funds are almost exhausted in the Lancashire textile closure and the Merseyside shipbuilding closure areas and reserve lists are in operation. Applications from Greater Manchester textiles closure areas have been at a lower rate than elsewhere and although significant sums remain uncommitted there has been greater interest in the scheme of late. *The Board has been encouraged by the success of this package in stimulating activity amongst small firms in the closure areas.*

Infrastructure

In successive Reports the Board has highlighted the urgent need for the renewal of the Region's basic infrastructure. While we recognise that resources are now being made available, as in the Mersey Basin Programme, to deal with some of the problems, many of the problems mentioned in earlier reports remain, in particular, the need for early completion of the M63/66 Manchester Outer Ring Road. We stress again the outstanding importance to the Region of Manchester International Airport, and welcome the commitment to its continuing development shown by the approval given to the construction of a second terminal and a direct rail link.

Manchester/Salford City Action Team

As will be seen from the above figures, the City Action Team (CAT) has continued vigorously to promote Selective Financial Assistance, along with other Government schemes of assistance, in the Manchester/Salford Inner City Areas. *It is hoped that recent moves to simplify Selective Financial Assistance for small firms will bring particular benefits to the areas.*

The Board welcomes the initiative which the CAT team and others are taking to help small firms in the inner-city obtain satisfactory insurance cover through the Association of British Insurers. We also welcome the developing Phoenix partnership between the public and private sectors which it is hoped will accelerate the redevelopment of depressed inner city areas in the Region. We are particularly encouraged by the partnerships between the public and private sectors to redevelop the Manchester/Salford Inner City areas, as exemplified in projects at Salford Quays, Castlefield and

the new G-Mex Centre.

Merseyside

The general improvement in business sentiment reported for the Region as a whole has been reflected on Merseyside in the form of an increased level of industrial investment, although perhaps falling short of the level in other parts of the Region. The continuing uncertainties over the future of Liverpool City Council and the general adverse perception created over the past few years remain obstacles to confidence. Nonetheless, substantial investments by industry in a number of major projects which have created and safeguarded existing jobs have been approved.

The small firms sector has responded favourably to the new Regional Development Grant scheme with applications during the year substantially exceeding expectations. The level of payments being made against the initial application confirms that many of these projects are going ahead as planned.

Unemployment, however, remains at consistently high levels showing no real sign of reduction which does not augur well for Merseyside.

Merseyside's industrial relations problems have been widely reported but the myth has to some extent been exposed with no strikes of significant proportions being reported during the current year. Members reported good and improved industrial relations.

The improvements stimulated by the Merseyside Development Corporation along the Liverpool waterfront and in particular at the Albert Dock continue to attract attention from tourists, the local population and the business community. The project was awarded the European Gold Medal for the Preservation of Historic Monuments. The project provides an encouraging focus to Liverpool particularly in the areas which suffered most from the decline of port related activity.

Technology Industry Year

After a slow start the Region responded positively to the message of Industry Year. As in other regions *the most successful element was in improved links between the Region's primary and secondary schools and Industry. Seventy per cent of secondary schools are now linked.* Another success has been the establishment of a network of local Industry Year Groups. These Groups will continue in 1987 under the 'North West Industry Matters' banner. The Board commends the work of these local groups.

Board Membership

Mr James Fairley resigned from the Board towards the end of the period under review. We record our appreciation of the valuable and constructive contribution which he made to the work of the Board.

G N HAGUE, OBE, FCIS
Chairman

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APPENDIX 1

Sections 11 and 15 of the Industrial Development Act 1982

Section 11

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

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

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

Section 15

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

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

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

- (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 1987(a)

£ million

Region	Regional Development Grants (b)	Section 8						
		Section 7		General Investment Measures		Other Measures	Totals	
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	
Scotland	nil	448.0	43.3	26.3	nil	41.5	515.8	43.3
Wales	nil	331.9	24.5	23.8	nil	10.2	365.9	24.5
North East	nil	252.3	20.2	18.9	0.5	22.9	294.1	20.7
Yorkshire and Humberside	nil	133.3	9.9	22.6	nil	86.1	242.0	9.9
East Midlands	nil	42.6	1.1	17.1	nil	68.0	127.7	1.1
South East	nil	nil	nil	60.9	0.4	171.6	232.5	0.4
South West	nil	37.6	3.6	9.7	nil	53.9	101.2	3.6
West Midlands	nil	51.8	0.1	43.1	0.3	90.8	185.7	0.4
North West	nil	318.4	28.2	21.9	nil	97.9	438.2	28.2
Northern Ireland	nil	nil	nil	nil	nil	6.3	6.3	nil
Mixed	nil	nil	nil	0.6	4.9	0.8	1.4	4.9
Total	nil	1,615.8	130.8	244.9	6.1	650.0	2,510.8	137.0
Of which, in year ended 31.3.87	nil	183.1	nil	4.1	nil	20.4	207.5	nil

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

(b) Figures for offers are not appropriate.

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

TABLE 2 ANALYSIS OF PAYMENTS BY REGION TO 31 MARCH 1987(a)

£ million

Region	Regional Development Grants (b)	Section 8						
		Section 7		General Investment Measures		Other Measures	Totals	
		Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	Grants	Loans/Equity (c)	
Scotland	1,658.8	248.3	42.0	20.0	nil	32.8	1,959.9	42.0
Wales	1,035.8	183.4	21.5	22.4	nil	7.6	1,249.2	21.5
North East	1,497.8	143.6	18.0	6.6	0.5	15.7	1,663.7	18.5
Yorkshire and Humberside	354.5	84.5	9.2	17.4	nil	66.4	522.8	9.2
East Midlands	57.3	30.9	1.1	16.2	nil	50.3	154.7	1.1
South East	nil	nil	nil	54.2	0.4	115.6	169.8	0.4
South West	106.5	22.7	3.5	8.4	nil	39.2	176.8	3.5
West Midlands	2.7	15.2	0.1	35.7	0.2	56.5	110.1	0.3
North West	1,007.0	215.9	26.8	31.0	nil	74.2	1,328.1	26.8
Northern Ireland	nil	nil	nil	nil	nil	5.5	5.5	nil
Mixed	nil	nil	nil	0.6	4.9	0.1	0.7	4.9
Total	5,720.4	944.5	122.2	212.5	6.0	463.9	7,341.3	128.2
Of which, in year ended 31.3.87	513.5	123.3	nil	10.2	nil	40.0	687.0	nil

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

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

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

APPENDIX 3

Unemployment Statistics(a)

TABLE THE UNEMPLOYED IN 1986 (TWELVE MONTHLY AVERAGE FOR THE CALENDAR YEAR)

<i>Region</i>	<i>Number (000)</i>	<i>Per cent</i>
Scotland	360.2	15.7
Development Area	212.8	18.6
Intermediate Area	58.6	17.1
Wales	179.2	16.6
Development Area	71.2	18.8
Intermediate Area	92.7	15.8
North East(b)	235.1	18.5
Development Area	187.8	20.5
Intermediate Area	25.1	15.6
Yorkshire and Humberside	316.2	15.4
Development Area	34.4	21.2
Intermediate Area	158.9	16.9
East Midlands	203.0	12.5
Development Area	4.6	19.6
Intermediate Area	2.1	16.8
East Anglia	83.5	10.6
South East(c)	378.3	9.0
South West	206.1	11.8
Development Area	14.2	21.6
Intermediate Area	27.2	15.5
West Midlands	346.9	15.2
Intermediate Area	275.7	16.6
North West	448.7	15.9
Development Area	190.7	19.5
Intermediate Area	134.7	14.5
All Development Areas	715.8	19.5
All Intermediate Areas	775.0	16.1
All Other Areas	1,674.0	10.7
Great Britain	3,164.9	13.2

Notes:

(a) Data are based on numbers of claimants of unemployment benefit and on Assisted Area boundaries at 29 November 1984. Percentage rates are based on mid-1985 estimates of employees in employment plus the unemployed. Data for Travel-to-Work Areas (TTWAs) are aggregated to the closest approximation of Standard Planning Regions.

(b) The North East region includes Cumbria for this purpose.

(c) In this table the figures for the South East Region do not include East Anglia.

(d) Small discrepancies in totals are due to rounding.

APPENDIX 4

Regional Development Grants

Regional Development Grants (RDGs) are payable under Part II of the Act. On 29 November 1984 there came into force a new RDG 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.

Old Regional Development Grants

RDGs 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 II to XIX of the 1968 edition of the Standard Industrial Classification, together with certain repair activities, the processing of scrap and waste materials, and scientific research relating to, and the training of staff for work in, any other qualifying activities.

Expenditure on site clearance and other preparation may be included, but the cost of 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.

RDGs 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 Sections 7 or 8 of the Industrial Development Act 1982, Sections 7 or 8 of the Industry Act 1972, or Section 5 of the Highlands and Islands Development (Scotland) Act 1965, or assistance from the Department of Trade and Industry or its predecessor Departments under Section 5 of the Science and Technology Act 1965.

In January 1985, it was announced that there would be a moratorium of four months on payments of approved applications under the old RDG Scheme in order to reduce expenditure on regional industrial incentives in 1985–86 to

what it had previously been expected to be. This measure continued in force during 1986–87.

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 new 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. The amount of job grant payable towards manufacturing projects and certain service sector projects undertaken by manufacturers cannot exceed 40 per cent of the initial investment.

In January 1987, it was announced that there would be a waiting period of two months for payments of grant on new applications under the new RDG Scheme. This measure was introduced because of the greater than expected bulge in demand during the overlap between the new and old Schemes.

In February 1987 the results of a survey, commissioned by the Department of Trade and Industry, of industry's early reactions to the new Scheme were published. This survey found that the new Scheme had been generally well received by the business community; that the main concepts and rules appeared to be understood; and that the

Scheme is an important factor in companies' investment decisions. The take-up of the new Scheme by firms with 200 employees or less has been particularly encouraging: during 1986-87, about 80 per cent of the total grant has been paid to firms in this category.

General

Because of over-capacity within the European Community,

some sectors are the subject of restrictions imposed by the European Commission affecting the granting of regional aid. Such restrictions apply within all or part of the following sectors: iron and steel, shipbuilding, ship conversion and ship repair, man-made fibres and yarn fibres and isoglucose.

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

£'000

Standard Industrial Classification Orders (SIC 1968)	1986-87			1972-73 to 1986-87		
	Plant and (a) machinery	Buildings (a) and works	Total	Plant and (a) machinery	Buildings (a) and works	Total
	Grant paid			Grant paid		
II Mining and quarrying	1,123	230	1,353	106,511	9,366	115,877
III Food, drink and tobacco	46,009	9,423	55,432	408,384	163,889	572,273
IV Coal and petroleum products	14,885	3,049	17,934	436,396	84,513	520,909
V Chemicals and allied industries	79,620	16,308	95,928	1,082,363	222,640	1,305,003
VI Metal manufacture	9,523	1,950	11,473	573,663	169,617	743,280
VII Mechanical engineering	23,043	4,720	27,763	229,251	98,947	328,198
VIII Instrument engineering	4,344	890	5,234	38,700	10,759	49,459
IX Electrical engineering	46,730	9,571	56,301	260,575	76,501	337,076
X Shipbuilding and marine engineering	5,047	1,034	6,081	49,567	33,683	83,250
XI Vehicles	25,762	5,276	31,038	205,848	57,463	263,311
XII Metal goods not elsewhere specified	9,080	1,860	10,940	95,468	42,750	138,218
XIII Textiles	6,911	1,416	8,327	94,518	42,817	137,335
XIV Leather, leather goods and furs	781	160	941	5,631	2,881	8,512
XV Clothing and footwear	2,964	607	3,571	36,321	15,233	51,554
XVI Bricks, pottery, glass, cement, etc	13,321	2,728	16,049	172,177	51,737	223,914
XVII Timber, furniture, etc	5,958	1,220	7,178	63,085	36,141	99,225
VIII Paper, printing and publishing	22,466	4,601	27,067	216,630	69,869	286,499
XIX Other manufacturing industries	8,673	1,777	10,450	101,189	33,803	134,992
XX Construction	544	111	655	103,595	7,388	110,983
Other	2,824	578	3,402	38,481	16,780	55,261
Total	329,608	67,509	397,117	4,318,353	1,246,777	5,565,130

(a) Since 1982-83, the split between plant and machinery and buildings and works has been estimated from a sample number of applications.

Note: The activities described in Orders II and XX of the Standard Industrial Classification ceased to be qualifying activities as from 31 October 1976.

TABLE 2 OLD REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY REGION IN 1986-87

£'000

Region	Plant and machinery (a)			Building and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total plant and machinery	SDA	DA	IA	DLCA		
Scotland	82,318	27,825	110,143	9,944	5,699	6,916	nil	22,559	132,702
Wales	30,971	25,581	56,552	6,344	5,239	nil	nil	11,583	68,135
Northern	51,958	14,052	66,010	10,596	2,878	46	nil	13,520	79,530
Yorkshire and Humberside	nil	15,077	15,077	nil	3,036	52	nil	3,088	18,165
East Midlands	nil	3,086	3,086	nil	632	nil	nil	632	3,718
South West	1,829	8,072	9,901	375	1,653	nil	nil	2,088	11,929
West Midlands	nil	nil	nil	nil	nil	nil	nil	nil	nil
North West	60,048	8,791	68,839	12,220	1,801	78	nil	14,099	82,938
Total	227,124	102,484	329,608	39,479	20,938	7,092	nil	67,509	397,117

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

TABLE 3 OLD REGIONAL DEVELOPMENT GRANTS: PAYMENTS BY REGION IN 1972-73 TO 1986-87

£'000

Region	Plant and machinery (a)			Building and works (a)				Total plant and machinery and buildings and works	
	SDA	DA	Total plant and machinery	SDA	DA	IA	DLCA		
Scotland	692,086	591,624	1,283,710	173,592	139,361	12,618	nil	325,571	1,609,281
Wales	351,760	480,841	832,601	67,950	92,480	17,817	nil	178,247	1,010,848
Northern	544,473	676,318	1,220,791	122,913	123,787	46	nil	246,746	1,467,537
Yorkshire and Humberside	nil	165,704	165,704	nil	37,832	136,595	nil	174,427	340,131
East Midlands	nil	25,130	25,130	nil	4,601	17,313	3,979	25,893	51,023
South West	9,045	68,774	77,819	2,448	16,959	4,947	nil	24,354	102,173
West Midlands	nil	nil	nil	nil	nil	680	2,013	2,693	2,693
North West	616,150	96,448	712,598	129,197	16,228	123,421	nil	268,846	981,444
Total	2,213,514	2,104,839	4,318,353	496,100	431,248	313,437	5,992	1,246,777	5,565,130

(a) Since 1982-83 the split between plant and machinery and buildings and works has been estimated from a sample number of applications. Note: The cumulative figures shown in Table 3 may not agree in certain cases with the sum of 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 GRANT: VALUE OF GRANTS OFFERED AND PAYMENTS BY TYPE OF INDUSTRY

£'000

Standard Industrial Classification Division (SIC 1980)	1986-87		1984-85(a) to 1986-87	
	Assistance Offered	Payments	Assistance Offered	Payments
1. Energy and water supply industries	299	120	460	140
2. Extraction of minerals and ores other than fuels; manufacture of metals, mineral products and chemicals	26,390	9,329	44,045	12,370
3. Metal goods, engineering and vehicle industries	82,464	35,413	141,011	49,092
4. Other manufacturing industries	118,567	50,492	180,278	66,211
7. Transport and communications	4,876	2,267	7,339	3,108
8. Banking, finance, insurance, business services and leasing	17,220	11,381	30,156	14,903
9. (i) Industrial research and development in specialised research establishments only	377	112	1,324	124
(ii) Football pools only	15	9	63	9
Other	13,558	7,260	23,157	9,358
Total	263,766	116,383	427,833	155,315

(a) From 29 November 1984.

TABLE 5 NEW REGIONAL DEVELOPMENT GRANT: VALUE OF GRANTS OFFERED AND PAYMENTS BY REGION

£'000

Region	1986-87		1984-85(a) to 1986-87	
	Assistance Offered	Payments	Assistance Offered	Payments
Scotland	67,038	37,453	126,021	49,567
Wales	56,132	20,832	87,007	24,945
North East	53,368	21,464	82,254	30,264
North West	37,863	19,529	57,820	25,543
Yorkshire and Humberside	17,288	8,946	30,325	14,342
East Midlands	24,761	4,717	34,556	6,307
South West	7,316	3,442	9,850	4,347
Total	263,766	116,383	427,833	155,315

(a) From 29 November 1984.

APPENDIX 5

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 in 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 Development* 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 relocation 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 secure jobs, eg by improving efficiency and/or by the introduction of new technology or products. Job displacement elsewhere is also taken into consideration.

(d) Employment Link

Assistance is only provided where there is a benefit to employment. Projects should lead to a creation of additional employment (Category A) or the safeguarding of existing employment through modernisation or rationalisation (Category B) in the Assisted Areas; 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 and service industries are eligible, but projects serving primarily local markets are not normally assisted.

Projects are not normally assisted under Section 7 if adequate provision for Government assistance is made under specified schemes, eg Ministry of Agriculture, Fisheries and Food schemes for agricultural, horticultural and fishery projects and the provision for tourist projects under the Development of Tourism Act 1969, or if assistance is being sought under alternative schemes. Because of overcapacity within the European Community, some sectors are the subject of restrictions imposed by the European Commission affecting the granting of regional aid. Such restrictions apply within all or part of the following sectors: iron and steel, shipbuilding, ship conversion and ship repair, man-made fibres and yarn, fisheries and iso-glucose.

Forms of Assistance

The normal form of assistance is a project grant related to the fixed and working capital costs of the project and the number of jobs involved. The grants are discretionary and are usually paid in annual instalments related to expenditure on the project and achievement of its forecast objectives. Grants may be repayable if objectives (such as the provision of jobs) are not maintained for a period after project completion.

Other forms of assistance which may be offered are:

- (a) a grant under the In-plant Training Scheme (see below); and
- (b) Exchange Risk Cover on medium-term foreign currency loans from the European Coal and Steel Community (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. Assistance is made available subject to any restrictions or limitations imposed by the European Community.

Procedures and Delegation

On 1 July 1975 Ministerial responsibility for Regional Selective Assistance in Scotland and Wales now provided under Section 7 of the Industrial Development Act 1982 was

transferred to the Secretaries of State for Scotland and Wales respectively.

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

At 31 March 1987, 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 North West West Midlands Yorkshire and Humberside South West East Midlands	£2 million	£10 million
	£1 million	£5 million

Training Grants

Training Grants are available 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. The support measure 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. Normal replacement training and on-going training programmes are not eligible for assistance. Similarly, the training of apprentices is not relevant. To be eligible, each trainee must be under 25 years of age and receive a minimum 20 hours of actual training in the use of new technology. 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.

APPENDIX 6

Statistics relating to Section 7 of the Industrial Development Act 1982

1. These tables give details of Regional Selective Assistance described in paragraphs 6 to 9 of the Report.

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

3. Cumulative data is from 1 April 1972.

TABLE 1 GREAT BRITAIN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	Offers accepted 1.4.86 to 31.3.87					Cumulative offers accepted to 31 March 1987							
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New Safeguarded			
Special Development Areas													
Loans/Equity	nil	nil	nil	nil	nil	204	58,177		54,387				
Old Criteria Grants	nil	nil	nil	nil	nil	1,797	274,595	6,810,138	236,789	239,904	131,333		
OSIS Grants	nil	nil	nil	nil	nil	473	35,495						
Project Grants	nil	nil				1,427	350,950						20,739
Training Grants	nil	nil				81	37,744						21,640
Total Grants	nil	nil				nil	nil	nil	3,778	698,784	6,810,138	484,111	239,904
Development Areas													
Loans/Equity	nil	nil	nil	nil	nil	130	35,823		35,096				
Old Criteria Grants	nil	nil	nil	nil	nil	1,244	85,111	5,884,281	71,222	166,043	82,199		
OSIS Grants	nil	nil	911,370	10,864	10,467	325	26,318						
Project Grants	359	95,542				1,724	383,033						142,126
Training Grants	1	500				64	15,314						9,179
Total Grants	360	96,042				911,370	10,864	10,467	3,357	509,776	5,884,281	239,158	166,043
Intermediate Areas													
Loans/Equity	nil	nil	nil	nil	nil	150	36,832		32,570				
Old Criteria Grants	nil	nil	nil	nil	nil	2,376	117,151	4,484,707	99,339	214,095	116,339		
OSIS Grants	nil	nil	820,521	20,181	12,591	445	18,317						
Project Grants	813	86,168				2,413	259,486						102,762
Training Grants	2	868				30	12,246						5,921
Total Grants	815	87,036				820,521	20,181	12,591	5,264	407,200	4,484,707	221,214	214,095
All Assisted Areas													
Loans/Equity	nil	nil	nil	nil	nil	484	130,832		122,053 (a)84,397				
Old Criteria Grants	nil	nil	nil	nil	nil	5,417	476,857	17,179,126	407,350	620,042	329,871		
OSIS Grants	nil	nil	1,731,891	31,045	23,058	1,243	80,130						
Project Grants	1,172	181,710				5,564	993,469						449,831
Training Grants	3	1,368				175	65,304						36,740
Total Grants	1,175	183,078				1,731,891	31,045	23,058	12,399	1,615,760	17,179,126	944,483	620,042

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

(a) Repayment of loans.

TABLE 2 SCOTLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	Offers accepted 1.4.86 to 31.3.87					Cumulative offers accepted to 31 March 1987					
	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
Special Development Areas											
Loans/Equity	nil	nil	nil	nil	nil	76	21,282		20,668		
Old Criteria Grants	nil	nil	nil	nil	nil	573	76,083	2,490,321	60,201	93,611	32,230
OSIS Grants	nil	nil	nil	nil	nil	111	10,718		4,980		
Project Grants	nil	nil				512	129,155		80,936		
Training Grants	nil	nil				33	29,729		16,253		
Total Grants	nil	nil				nil	nil	nil	1,229	245,685	2,490,321
Development Areas											
Loans/Equity	nil	nil	nil	nil	nil	45	20,950		20,741		
Old Criteria Grants	nil	nil	nil	nil	nil	470	41,316	2,146,193	32,247	51,589	31,655
OSIS Grants	nil	nil				18	1,730		1,443		
Project Grants	98	29,369				334	103,461		26,113		
Training Grants	1	500				16	6,808		3,032		
Total Grants	99	29,869	407,751	3,370	2,449	838	153,315	2,146,193	62,835	51,589	31,655
Intermediate Areas											
Loans/Equity	nil	nil	nil	nil	nil	4	1,090		590		
Old Criteria Grants	nil	nil	nil	nil	nil	47	10,031	492,555	7,275	11,249	11,176
OSIS Grants	nil	nil				26	2,520		424		
Project Grants	40	6,639				198	35,269		14,719		
Training Grants	nil	nil				3	1,150		644		
Total Grants	40	6,639	88,435	1,112	1,105	274	48,970	492,555	23,062	11,249	11,176
All Assisted Areas											
Loans/Equity	nil	nil	nil	nil	nil	125	43,322		41,999 (a) 19,384		
Old Criteria Grants	nil	nil	nil	nil	nil	1,090	127,430	5,129,069	99,723	156,449	75,061
OSIS Grants	nil	nil				155	14,968		6,847		
Project Grants	138	36,008				1,044	267,885		121,768		
Training Grants	1	500				52	37,687		19,929		
Total Grants	139	36,508	496,186	4,482	3,554	2,341	447,970	5,129,069	248,267	156,449	75,061

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

TABLE 3 WALES: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

Offers accepted 1.4.86 to 31.3.87						Cumulative offers accepted to 31 March 1987							
	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	46	7,410		7,210				
Old Criteria Grants	nil	nil	nil	nil	nil	290	66,160	1,413,648	58,939	43,643	10,091		
OSIS Grants	nil	nil	nil	nil	nil	51	3,452						
Project Grants	nil	nil				280	66,022						33,198
Training Grants	nil	nil				8	2,185						1,957
Total Grants	nil	nil				nil	nil	nil	629	137,819	1,413,648	95,750	43,643
<i>Development Areas</i>													
Loans/Equity	nil	nil	nil	nil	nil	47	7,566		7,419				
Old Criteria Grants	nil	nil	nil	nil	nil	273	15,199	1,291,476	13,601	44,291	24,092		
OSIS Grants	nil	nil	84,692	1,655	753	128	9,831						
Project Grants	36	10,834				485	111,809						45,226
Training Grants	nil	nil				9	3,504						3,244
Total Grants	36	10,834				84,692	1,655	753	895	140,343	1,291,476	67,578	44,291
<i>Intermediate Areas</i>													
Loans/Equity	nil	nil	nil	nil	nil	27	9,521		6,856				
Old Criteria Grants	nil	nil	nil	nil	nil	143	9,057	614,520	8,440	19,474	10,259		
OSIS Grants	nil	nil	254,358	3,891	3,386	53	1,577						
Project Grants	100	25,621				243	42,555						10,321
Training Grants	1	23				2	473						153
Total Grants	101	25,644				254,358	3,891	3,386	441	53,662	614,520	20,034	19,474
<i>All Assisted Areas</i>													
Loans/Equity	nil	nil	nil	nil	nil	120	24,497		21,485 (a) 19,609				
Old Criteria Grants	nil	nil	nil	nil	nil	706	90,416	3,319,644	80,980	107,408	44,442		
OSIS Grants	nil	nil	339,050	5,546	4,139	232	14,860						
Project Grants	136	36,455				1,008	220,386						88,745
Training Grants	1	23				19	6,162						5,354
Total Grants	137	36,478				339,050	5,546	4,139	1,965	331,824	3,319,644	183,362	107,408

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

(a) Repayment of loans.

TABLE 4 ENGLAND: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

Offers accepted 1.4.86 to 31.3.87						Cumulative offers accepted to 31 March 1987						
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		
Special Development Areas												
Loans/Equity	nil	nil	nil	nil	nil	82	29,485		26,509			
Old Criteria Grants	nil	nil	nil	nil	nil	934	132,352	2,906,169	117,649	102,650	89,012	
OSIS Grants	nil	nil	nil	nil	nil	311	21,325					
Project Grants	nil	nil				635	155,773					90,809
Training Grants	nil	nil				40	5,830					3,430
Total Grants	nil	nil				nil	nil	nil	1,920	315,280	2,906,169	225,991
Development Areas												
Loans/Equity	nil	nil	nil	nil	nil	38	7,307		6,936			
Old Criteria Grants	nil	nil	nil	nil	nil	501	28,596	2,446,612	25,374	70,163	26,452	
OSIS Grants	nil	nil	418,927	5,839	7,265	179	14,757					
Project Grants	225	55,339				905	167,763					70,787
Training Grants	nil	nil				39	5,002					2,903
Total Grants	225	55,339				418,927	5,839	7,265	1,624	216,118	2,446,612	108,745
Intermediate Areas												
Loans/Equity	nil	nil	nil	nil	nil	119	26,221		25,124			
Old Criteria Grants	nil	nil	nil	nil	nil	2,186	98,063	3,377,632	83,624	183,372	94,904	
OSIS Grants	nil	nil	477,728	15,178	8,100	366	14,220					
Project Grants	673	53,908				1,972	181,662					77,722
Training Grants	1	845				25	10,623					5,124
Total Grants	674	54,753				477,728	15,178	8,100	4,549	304,568	3,377,632	178,118
All Assisted Areas												
Loans/Equity	nil	nil	nil	nil	nil	239	63,013		58,569 (a)45,404			
Old Criteria Grants	nil	nil	nil	nil	nil	3,621	259,011	8,730,413	226,647	356,185	210,368	
OSIS Grants	nil	nil	896,655	21,017	15,365	856	50,302					
Project Grants	898	109,247				3,512	505,198					239,318
Training Grants	1	845				104	21,455					11,457
Total Grants	899	110,092				896,655	21,017	15,365	8,093	835,966	8,730,413	512,854

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

TABLE 5 NORTH EASTERN: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	Offers accepted 1.4.86 to 31.3.87					Cumulative offers accepted to 31 March 1987					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New Safeguarded	
Loans/Equity	nil	nil	nil	nil	nil	68	20,224		17,989 (a)17,421		
Old Criteria Grants	nil	nil	nil	nil	nil	688	59,293	2,864,568	51,126	91,439	50,574
OSIS Grants	nil	nil				196	13,162		8,341		
Project Grants	190	27,453	243,107	4,604	4,591	790	173,187		80,318		
Training Grants	1	845				54	6,615		3,824		
Total Grants	191	28,298	243,107	4,604	4,591	1,728	252,257	2,864,568	143,609	91,439	50,574

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

(a) Repayment of loans.

TABLE 6 YORKSHIRE AND HUMBERSIDE: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	Offers accepted 1.4.86 to 31.3.87					Cumulative offers accepted to 31 March 1987					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New Safeguarded	
Loans/Equity	nil	nil	nil	nil	nil	57	9,913		9,187 (a)7,812		
Old Criteria Grants	nil	nil	nil	nil	nil	962	36,407	1,582,747	31,691	83,243	35,052
OSIS Grants	nil	nil				203	9,189		7,388		
Project Grants	118	10,081	87,390	3,264	659	684	83,413		42,894		
Training Grants	nil	nil				9	4,338		2,561		
Total Grants	118	10,081	87,390	3,264	659	1,858	133,347	1,582,747	84,534	83,243	35,052

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

(a) Repayment of loans.

TABLE 7 EAST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	Offers accepted 1.4.86 to 31.3.87					Cumulative offers accepted to 31 March 1987					
	Number	Value (£'000)	Associated Project Costs (£'000)	Estimated Employment New Safeguarded		Number	Value (£'000)	Associated Project Costs (£'000)	Total Payments (£'000)	Estimated Employment New Safeguarded	
Loans/Equity	nil	nil	nil	nil	nil	17	1,063		1,058 (a)965		
Old Criteria Grants	nil	nil	nil	nil	nil	263	5,184	341,695	4,706	27,674	1,392
OSIS Grants	nil	nil				53	10,174		7,060		
Project Grants	30	2,034	16,854	480	273	291	26,623		18,609		
Training Grants	nil	nil				8	667		558		
Total Grants	30	2,034	16,854	480	273	615	42,648	341,695	30,933	27,674	1,392

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

(a) Repayment of loans.

TABLE 8 SOUTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	<i>Offers accepted 1.4.86 to 31.3.87</i>					<i>Cumulative offers accepted to 31 March 1987</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	27	3,557		3,491 (a)3,144		
Old Criteria Grants	nil	nil	nil	nil	nil	241	11,290	412,102	9,830	19,901	4,803
OSIS Grants	nil	nil				35	1,309		661		
Project Grants	16	2,607	21,548	396	299	166	23,028		11,342		
Training Grants	nil	nil						5	1,945		904
Total Grants	16	2,607	21,548	396	299	447	37,572	412,102	22,737	19,901	4,803

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

TABLE 9 WEST MIDLANDS: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	<i>Offers accepted 1.4.86 to 31.3.87</i>					<i>Cumulative offers accepted to 31 March 1987</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	1	60		60 (a)60		
Old Criteria Grants	nil	nil	nil	nil	nil	13	727	475,983	721	14,643	13,096
OSIS Grants	nil	nil				nil	nil		nil		
Project Grants	307	25,455	226,672	7,441	5,005	523	47,312		12,625		
Training Grants	nil	nil						7	3,731		1,839
Total Grants	307	25,455	226,672	7,441	5,005	543	51,770	475,983	15,185	14,643	13,096

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

TABLE 10 NORTH WEST: CUMULATIVE OFFERS AND OFFERS ACCEPTED 1 APRIL 1986 TO 31 MARCH 1987

	<i>Offers accepted 1.4.86 to 31.3.87</i>					<i>Cumulative offers accepted to 31 March 1987</i>					
	<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>		<i>Number</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Total Payments (£'000)</i>	<i>Estimated Employment</i> <i>New Safeguarded</i>	
Loans/Equity	nil	nil	nil	nil	nil	69	28,196		26,784 (a)16,002		
Old Criteria Grants	nil	nil	nil	nil	nil	1,454	146,110	3,053,318	128,573	119,285	105,451
OSIS Grants	nil	nil				369	16,468		11,982		
Project Grants	237	41,617	301,084	4,832	4,538	1,058	151,635		73,530		
Training Grants	nil	nil						21	4,159		1,771
Total Grants	237	41,617	301,084	4,832	4,538	2,902	318,372	3,053,318	215,856	119,285	105,451

Old Criteria Grants include Interest Relief and Removal Grants. OSIS=Office and Service Industries Scheme.
(a) Repayments of loans.

TABLE 11 CUMULATIVE OFFERS AND PAYMENTS BY TYPE OF INDUSTRY TO 31 MARCH 1987(a)

Standard Industrial Classification (SIC 1980)	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
0 Agriculture, forestry and fishing	1	25	10	141	22	996	nil	nil	519	8,318	399	156
1 Energy and water supply industries	1	100	17	306	30	4,564	1	150	2,869	54,822	1,084	641
2 Extraction of minerals and ores other than fuels; manufacture of metals, mineral products and chemicals	56	19,921	748	62,344	762	164,206	16	3,619	139,865	3,702,229	62,344	50,708
3 Metal goods, engineering and vehicles industries	218	64,288	2,206	291,100	2,155	505,989	94	53,229	558,154	8,286,800	296,263	181,030
4 Other manufacturing industries	201	45,646	2,305	119,746	2,260	291,520	62	7,756	302,583	4,585,111	209,249	95,528
5 Construction	3	543	51	1,103	51	3,048	nil	nil	2,590	55,710	4,695	89
6 Distribution, hotels and catering; repairs	3	229	44	982	126	11,817	1	40	4,701	124,838	5,210	1,477
7 Transport and communication	nil	nil	8	284	29	2,586	nil	nil	1,234	87,651	1,253	40
8 Banking, finance, insurance, business services and leasing	1	80	23	724	86	5,826	1	510	2,402	74,356	3,463	36
9 Other services	nil	nil	5	127	43	2,917	nil	nil	1,057	24,803	850	166
Total	484	130,832	5,417	476,857	5,564	993,469	175	65,304	1,015,974	17,004,638	584,810	329,871

(a) Excluding Office and Service Industries Scheme.

TABLE 12 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	20,049	3,173	18	nil	nil	23,240
1974-75	20,212	14,841	3	nil	190	35,246
1975-76	43,867	21,888	18	nil	1,038	66,811
1976-77	21,514	19,878	92	nil	1,643	43,127
1977-78	9,190	32,470	61	nil	2,145	43,866
1978-79	5,325	93,422	42	nil	3,093	101,882
1979-80	1,500	72,455	1,551	nil	3,439	78,945
1980-81	100	61,699	10,017	23	5,296	77,135
1981-82	36	42,443	28,499	1,826	3,928	76,732
1982-83	12	27,817	55,436	2,635	5,363	91,263
1983-84	nil	9,534	64,643	5,166	9,439	88,782
1984-85	nil	3,257	80,792	5,882	7,600	97,531
1985-86	nil	3,388	96,626	13,408	4,962	118,384
1986-87	nil	1,031	112,033	7,800	2,426	123,290
Total	122,051	407,350	449,831	36,740	50,562	1,066,537

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

TABLE 13 EMPLOYMENT CREATED AND SAFEGUARDED TO 31 MARCH 1987(a)

Region	Offers accepted to 31 March 1985 £'000	Total Payments to 31 March 1987 £'000	Forecast of RDG associated with projects £'000	Forecast employment associated with projects at time of offer	Realisation of forecast up to 31 March 1987
Scotland	364,253	275,528	342,317	187,411	139,760
Wales	239,638	194,319	253,413	114,998	90,509
North East	177,052	151,713	247,160	117,733	87,181
Yorkshire and Humberside	99,254	85,351	40,873	99,491	75,057
East Midlands	34,668	30,441	17,256	25,995	17,595
South West	31,393	23,116	17,353	20,717	14,359
West Midlands	787	694	129	485	291
North West	262,265	228,933	189,588	198,580	166,408
Total England	605,419	520,248	512,359	463,001	360,891
Total Great Britain	1,209,310	990,095	1,108,089	765,410	591,160

(a) The above Table sets out the estimated level of employment achieved so far on projects where offers of assistance were accepted up to 31 March 1985 on which some payment has been made.

APPENDIX 7

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

The total of £62.4 million ERDF and UK contribution which has been made available is allocated as follows:

Region	£ million
Scotland	7.7
Wales	7.5
North East	6.6
Yorkshire and Humberside	17.1
East Midlands	2.1
North West	21.4
Total	62.4

Better Business Services in Scotland provides nine consultancy services to help small firms with their business performance. The Scottish Better Technical Services 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 1987—ERDF SPECIFIC MEASURES

Region	Applications		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	11,321	12,463	10,032	10,491	3,217	2,960
Wales	1,564	27,448	1,236	14,407	3,946	1,269
North East	1,628	17,699	1,117	13,155	5,892	1,859
Yorkshire and Humberside	3,063	85,518	2,160	58,197	20,892	8,554
East Midlands	473	5,698	269	2,744	1,425	688
North West	3,959	40,252	2,209	50,955	14,947	7,874
Total	22,008	239,028	17,023	149,950	50,320	23,205

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

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

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

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

APPENDIX 8

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

The Exchange Risk Guarantee Scheme was first introduced in January 1978 and was originally designed to encourage private firms in the Assisted Areas and Northern Ireland to take advantage of the attractive foreign currency loans available from the European Investment Bank and the European Coal and Steel Community (ECSC). 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. Exchange risk cover for European Investment Bank lending, and for ECSC loans of more than £500,000 was run down from 18 July 1985. Firms wishing to borrow in excess of £500,000 can seek to make up the difference by Sterling loans from ECSC, or by borrowing at the borrowers exchange risk.

European Coal and Steel Community (ECSC)

ECSC loans are available under Article 54 of the Treaty of Paris for projects which contribute directly to improving efficiency, productivity or marketing in the coal and steel industries and under Article 56 of the Treaty for projects in 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 agreements with ECSC. Loans involving sums of more than £3 million are negotiated direct with ECSC.

Progress of the Scheme

In 1986–87 funds worth £28 million were provided for use by ECSC agents, creating an estimated 2,400 jobs.

APPENDIX 9

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

TABLE 1 IMPROVEMENT OF BASIC SERVICES IN THE AREA FOR EXPANSION

Department	Service	Applications					Applications approved		
		Brought forward from 1985-86	Received in 1986-87	Rejected	Withdrawn	Under consideration	Number	Estimated cost (£'000)	Estimated grant (£'000)
Department of Environment	Sewerage	174	17	nil	nil	111	80	5,315	1,937
	Water Supply	193	11	nil	91	67	46	2,869	535
Department of Transport	Roads	26	32	nil	2	17	39	10,606	2,264
Scottish Development Department	Roads	1	7	nil	1	4	3	1,111	192
	Sewerage	nil	4	1	nil	2	1	34	10
	Water Supply	1	2	1	nil	nil	2	30	9
Welsh Office	Roads	12	10	3	nil	7	12	2,953	488
	Sewerage	4	6	1	nil	9	1	10,236	3,071
	Water Supply	59	21	1	1	59	21	21,620	6,483
Department of Energy	Electricity	nil	1	1	nil	nil	nil	nil	nil
Total		470	111	8	95	276	205	54,774	14,989

(a) No applications were brought forward from 1985-86 nor were any new applications received in respect of the Industry Department for Scotland, the Ministry of Agriculture, Fisheries and Food, the Department of Energy (Gas) Scheme, 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 1987

Region	Status of area(a)	Leasable Stock						Under Construction	
		Occupied		Vacant		Total		Units	Area m ²
		Units	Area m ²	Units	Area m ²	Units	Area m ²		
North East	AA	1,385	902,624	431	210,897	1,816	1,113,521	195	58,469
	NAA	93	30,989	44	9,618	137	40,607	—	—
North West	AA	818	312,730	547	94,551	1,365	407,281	73	15,182
	NAA	285	116,939	88	18,500	373	135,439	—	—
Yorkshire and Humberside	AA	484	131,175	122	25,561	606	156,736	64	14,533
	NAA	154	32,336	29	4,484	183	36,820	1	1,800
East Midlands	AA	23	4,663	7	1,682	30	6,345	—	—
	NAA	219	42,501	42	10,538	261	53,039	4	974
West Midlands	AA	27	5,165	17	2,673	44	7,838	—	—
	NAA	164	27,643	38	6,579	202	34,222	5	465
South West	AA	311	60,460	72	22,132	383	82,592	35	5,999
	NAA	256	43,667	61	8,421	317	52,088	—	—
South East	NAA	177	26,388	34	5,564	211	31,952	17	1,862
Total		4,396	1,737,280	1,532	421,200	5,928	2,158,480	394	99,284

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

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

TABLE 2 EMPLOYMENT IN OCCUPIED ENGLISH ESTATES PREMISES—POSITION AT YEAR ENDING 31 MARCH 1987

Region	1986			1987		
	Male	Female	Total	Male	Female	Total
North East	15,961	9,329	25,290	23,095	13,825	36,920
North West	7,948	5,719	13,667	8,451	5,073	13,524
Yorkshire and Humberside	2,982	1,278	4,260	3,959	1,744	5,703
East Midlands	734	260	994	802	356	1,158
West Midlands	639	537	1,176	733	581	1,314
South West	2,226	1,466	3,692	3,007	2,220	5,227
South East	508	219	727	542	330	872
Total Leased	30,998	18,808	49,806	40,589	24,129	64,718
<i>Sold by English Estates or privately built on English Estates land</i>			58,462			67,521
Total			108,268			132,239

TABLE 3 ENGLISH ESTATES: PREMISES

Region	Status of area	Occupied during 1986-87		Vacated during 1986-87		Reserved at 31 March 1987		Available for letting at 31 March 1987 Vacant—Res. Vacant		Vacancy rate
		Units	Area m ²	Units	Area m ²	Units	Area m ²	Units	Area m ²	% area of leasable stock
North East	AA	492	136,672	377	200,131	31	15,244	400	195,653	17.6
	NAA	33	3,752	31	5,263	2	1,305	42	8,313	20.5
North West	AA	353	60,344	225	47,026	83	27,678	464	66,873	16.4
	NAA	135	18,249	95	12,166	36	8,988	52	9,512	7.0
Yorkshire and Humberside	AA	182	33,365	114	23,587	15	2,922	107	22,639	14.4
	NAA	61	7,632	16	1,694	2	352	27	4,132	11.2
East Midlands	AA	9	1,208	10	1,166	1	150	6	1,532	24.1
	NAA	88	12,852	53	11,155	8	1,625	34	8,913	16.8
West Midlands	AA	10	850	1	186	3	554	14	3,227	41.2
	NAA	49	7,287	12	2,966	23	3,539	15	3,040	8.9
South West	AA	137	18,247	69	17,812	28	10,083	44	12,049	14.6
	NAA	98	10,435	67	8,362	30	4,359	31	4,062	8.0
South East and East Anglia	NAA	76	9,544	33	4,481	12	1,702	22	3,862	12.1
Total		1,723	320,437	1,103	335,995	274	78,501	1,258	343,807	15.9

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

TABLE 4 FACTORY BUILDING COMPLETED 1986-87

Region	Area Status (a)	Advance Factories									
		Department of Trade and Industry		Private Sector		Development Commission for Rural England		Extensions and Custom Built		Total	
		Units	m ²	Units	m ²	Units	m ²	Units	m ²	Units	m ²
North East	AA	34	3,763	nil	nil	38	3,667	1	798	73	8,228
	NAA	nil	nil	nil	nil	8	1,980	nil	nil	8	1,980
North West	AA	5	23,084	nil	nil	nil	nil	4	13,309	9	36,393
	NAA	2	2,022	nil	nil	25	2,763	nil	nil	27	4,785
Yorkshire and Humberside	AA	25	5,906	nil	nil	20	2,342	nil	nil	45	8,248
	NAA	nil	nil	nil	nil	31	4,429	nil	nil	31	4,429
East Midlands	AA	3	1,115	nil	nil	nil	nil	nil	nil	3	1,115
	NAA	nil	nil	nil	nil	26	3,870	4	1,870	30	5,740
West Midlands	AA	25	3,361	nil	nil	nil	nil	nil	nil	25	3,361
	NAA	nil	nil	nil	nil	19	1,995	1	185	20	2,180
South West	AA	23	3,574	nil	nil	53	5,081	nil	nil	76	8,655
	NAA	nil	nil	nil	nil	30	3,463	nil	nil	30	3,463
South East and East Anglia	AA	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
	NAA	nil	nil	nil	nil	42	5,761	2	418	44	6,179
Total		117	42,825	nil	nil	292	35,351	12	16,580	421	94,756

AA = Assisted Area, NAA = Non-Assisted Area.
There was no building undertaken in the Private Sector.

TABLE 5 RENT FREE PERIODS GRANTED BY ENGLISH ESTATES DURING 1986-87

Region	Number	Value (£)
North	59	844,046
North West	33	325,709
Yorkshire and Humberside	28	135,439
East Midlands	nil	nil
West Midlands	nil	nil
South West	7	21,650
Total	127	1,326,844

TABLE 6 EXPENDITURE AND RECEIPTS IN RESPECT OF LAND AND FACTORY BUILDINGS IN 1986-87

	£'000
Expenditure (a)	
Land Acquisition	2,936
Cost of works and modernisation of factories	32,471
	35,407
Receipts	
Net Rents (b)	12,949
Cash sales of land and buildings	12,143
Capital instalments of credit sales of land and buildings	627
Interest in respect of credit sales	251
Refunds (VAT)	278
Other capital receipts	430
	26,678
Capital expenditure funded by the Development Commission for Rural England (c)	14,561

(a) Includes £1.93 million capital expenditure at Chatham.
(b) Excludes £1.80 million net rents and £2.16 million capital receipts in respect of DC properties. Table 6 in previous financial years included DC items.
(c) In respect of 100 per cent programme, 50:50 schemes are excluded.

APPENDIX 11

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

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

Brought forward from 1985-86(c)	1986-87		Applications			Applications approved (b)			Applications outstanding at 31 March (c)
	Received	Refused		Number withdrawn	Number	Area (Hectares)	Estimated cost (£'000)	Grant payable (£'000)	
		Number	Area (Hectares)						
416	1,053	99	483(d)	53	762	3,354	86,368	70,813	555

- (a) These figures relate to DLG reclamation schemes in England which are the administrative responsibility of the Department of the Environment. In Scotland and Wales responsibility for land reclamation lies with the respective Development Agencies.
- (b) Includes DLG reclamation schemes that have received either pre-tender or final approval.
- (c) Includes schemes where grant approval has been given in principle.
- (d) Where known.

APPENDIX 12

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

TABLE SUMMARY OF APPLICATIONS AND OFFERS TO 31 MARCH 1987

	Date of introduction	Closing date for applications	Applications			Number	Offers		Payments (£'000)	
			Received	Rejected or withdrawn	Under consideration at 31.3.87		Project costs (£'000)	Assistance offered (£'000)	Cumulative	Year to 31.3.87
<i>Schemes open for applications at 31.3.87</i>										
General										
Support for Major Projects	17. 7.79	Not applicable	441	253	8	179	654,486	66,775	45,395	10,345
Other										
Coal Firing	22. 5.81	30. 6.87	872	439	12	421	262,085	48,179	39,730	11,046
Fibre Optics	27. 7.81	Not applicable	32	5	3	24	38,267	5,562	3,103	485
Certification Schemes	April 83	Not applicable	29	nil	7	22	7,380	1,441	997	454
Investment support for Microelectronics	19. 3.84	31. 3.90	162	54	28	80	233,154	37,108	14,807	7,503
Total			1,526	751	58	726	1,195,372	159,065	104,032	29,833
<i>Schemes closed for applications at 31.3.87 with transactions outstanding at 31.3.86</i>										
General										
Selective Investment	15.12.76	30. 6.79	766	590	nil	176	1,041,049	107,724	97,449	nil
Other										
Redmeat Slaughterhouse	9.11.76	30.11.80	498	126	nil	372	116,156	16,152	12,980	nil
Microelectronics Industry Support Programme 1	26. 7.78	(b)	204	38	nil	166	276,430	59,047	53,133	681
Advanced Manufacturing Technology (c) (d)	8. 6.82	30. 6.86	612	267	14	331	244,706	54,885	30,760	10,567
Computer Aided Design and Test Equipment	1. 8.82	12. 3.84	1,334	254	nil	1,080	101,794	25,971	21,828	13
Quality Assurance	20. 6.83	19.12.86	687	103	128	456	16,078	3,672	1,690	1,057
Innovation-Linked Investment	1. 6.83	22. 5.84	139	71	nil	68	11,985	2,239	1,378	269
Total			4,240	1,449	142	2,649	1,808,198	269,690	219,218	12,587
<i>Schemes closed for applications at 31.3.87 with no transactions outstanding at 31.3.86</i>										
General										
Accelerated Projects	15. 4.75	31. 7.76	297	186	nil	111	586,107	70,659	69,829	nil
Other										
Wool Textile Stage 1	19. 7.73	31.12.75	331	26	nil	305	74,810	16,977	16,183	nil
Wool Textile Stage 2	29.11.76	31.12.77	72	5	nil	67	30,494	7,457	6,208	nil
Ferrous Foundry	5. 8.75	31.12.76	514	164	nil	350	284,457	68,242	47,916	nil
Machine Tool	5. 8.75	31.12.77	438	126	nil	312	168,154	32,324	22,899	nil
Clothing	15.10.75	31.12.77	1,114	197	nil	917	93,450	20,383	13,884	nil
Paper and Board	15. 6.76	30. 6.78	149	52	nil	97	86,986	19,388	18,725	nil
Non-ferrous Foundry	24. 1.77	31. 7.78	347	98	nil	249	101,234	22,035	11,826	nil
Electronic Components	24. 1.77	31.12.78	149	64	nil	85	59,200	15,603	12,100	nil
Instrumentation and Automation	1.11.77	30. 4.79	229	70	nil	159	50,120	8,424	6,844	nil
Drop Forging	8.11.77	30. 6.79	124	33	nil	91	24,361	6,128	4,044	nil
Footwear	18. 4.78	31. 3.80	572	92	nil	480	29,227	4,896	3,374	nil
Printing Machinery	13. 8.76	31.12.77	75	17	nil	58	73,256	14,317	8,795	nil
Textile Machinery	13. 8.76	31.12.77	81	27	nil	54	66,660	12,859	6,270	nil
Poultrymeat Processing	4. 8.76	31. 3.77	124	45	nil	79	42,986	8,059	7,319	nil
Steel Casting	14.12.81	Not applicable	4	1	nil	3	20,204	7,156	7,156	nil
Private Sector Steel	14.12.81	7. 3.84	255	49	nil	206	124,852	35,765	32,247	nil
Energy Conservation	13. 6.78	30. 6.80	5,512	1,265	nil	4,427	102,181	26,459	25,135	nil
Small Engineering Firms Investment Scheme(1)	30. 3.82	28. 5.82	1,882	436	nil	1,446	96,441	32,147	25,990	nil
Small Engineering Firms Investment Scheme (2)	30. 3.83	30. 9.83	6,415	1,524	nil	4,891	232,314	72,917	48,224	nil
Total			18,684	4,477	nil	14,207	2,329,494	502,195	395,853	nil
Total (all schemes)			24,460	6,677	200	17,582	5,333,064	930,251	718,379	42,469

(a) Does not include Small Firms Loan Guarantee Scheme, Financial Management Advisory Service Experiment, European Regional Development Fund Special Measures, the Offshore Supplies Interest Relief Scheme, cases assisted by General Powers under Section 8.

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

(c) Formerly Flexible Manufacturing Systems Scheme and Robot Support Programme.

(d) Does not include consultancy studies.

APPENDIX 13

Section 8 General Investment Support for Major Projects

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, projects 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 46 internationally mobile projects involving capital expenditure of £190 million.

Assistance Offered

The amount of assistance as a percentage of project cost averaged 10.2 per cent as at 31 March 1987.

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1987

Region	Applications									
	Received		Rejected or withdrawn		Under consideration		Offers			Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	
Scotland	20	555,768	14	544,817	1	510	5	6,026	795	543
Wales	13	199,356	4	177,940	nil	nil	9	21,698	2,839	2,133
North East	14	62,701	7	34,998	1	2,015	6	16,013	1,621	1,196
Yorkshire and Humberside	37	195,487	21	131,554	3	277	13	61,166	7,100	1,880
East Midlands	46	238,257	36	181,449	nil	nil	10	60,802	6,106	5,454
South East	118	707,754	74	469,797	2	700	42	224,305	18,953	13,245
South West	32	184,048	22	148,840	nil	nil	10	38,986	3,060	2,309
West Midlands	117	414,048	54	241,957	nil	nil	63	162,748	20,771	15,097
North West	43	266,731	21	143,984	nil	nil	21	62,742	5,530	3,688
Mixed	1	2,346	nil	nil	1	2,346	nil	nil	nil	nil
Total	441	2,826,496	253	2,075,336	8	5,848	179	654,486	66,775	45,545
Of which, in year ended 31.3.87	6	16,679	6	18,580	—	—	5	28,734	4,086	10,344

TABLE 2 ASSISTANCE OFFERED BY TYPE OF INDUSTRY TO 31 MARCH 1987

<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	7,803
2. Extraction of Minerals and ores, other than fuels; manufacture of metals, mineral products and chemicals	36	12,378	107,454
3. Metal goods, engineering and vehicles industries (a)	114	42,628	390,572
4. Other manufacturing industries	27	10,579	148,657
Total	179	66,775	654,486

(a) Includes electrical and electronic engineering.

APPENDIX 14

Small Firms Loan Guarantee Scheme

TABLE 1 GUARANTEES ISSUED FROM INCEPTION IN JUNE 1981 TO 31 MARCH 1987 BY REGION AND SECTOR

<i>Region</i>	<i>Number</i>	<i>Value (£'000)</i>	<i>Sector</i>	<i>Number</i>	<i>Value (£'000)</i>
Scotland	1,323	39,180	Manufacturing	7,713	283,010
Wales	784	23,730	Construction	383	12,060
North East	757	23,740	Retail	2,767	72,400
Yorkshire and Humberside	1,353	39,010	Other services	6,829	214,120
East Midlands	1,142	38,560			
South East	6,722	241,770			
South West	1,629	50,670			
West Midlands	1,505	47,630			
North West	2,263	69,130			
Northern Ireland	214	8,170			
Total	17,692	581,590		17,692	581,590

TABLE 2 GUARANTEES ISSUED FROM 1 APRIL 1986 TO 31 MARCH 1987 BY REGION AND SECTOR

<i>Region</i>	<i>Number</i>	<i>Value (£'000)</i>	<i>Sector</i>	<i>Number</i>	<i>Value (£'000)</i>
Scotland	90	3,200	Manufacturing	488	20,070
Wales	40	1,540	Construction	34	1,080
North East	34	1,440	Retail	225	7,960
Yorkshire and Humberside	64	2,540	Other services	303	11,260
East Midlands	86	3,760			
South East	392	15,760			
South West	120	4,240			
West Midlands	94	3,400			
North West	112	3,890			
Northern Ireland	18	600			
Total	1,050	40,370		1,050	40,370

APPENDIX 15

Support for Advanced Manufacturing (AMT) Project Planning and Implementation

This measure provided assistance for consultancy studies and the installation of Advanced Manufacturing Technology (AMT) systems. Grants of 50 per cent of professional consultancy fees are still available up to a maximum grant of £50,000. Grants of up to 20 per cent were available towards capital and development costs. However, this aspect of installing AMT support closed for applications at end June 1986. For small companies who

had not previously used robots, grants of 20 per cent (maximum £25,000) were available towards the cost of installing a first robot under the same Scheme.

At 31 March 1987, grants totalling £54.9 million had been offered for the installation of 331 systems, and £11.1 million towards 730 planning and implementation studies.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1987—AMT INSTALLATIONS

Region	Applications									
	Received ^(a)		Rejected or withdrawn		Under consideration		Offers			Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	
Scotland	39	55,987	19	42,922	1	2,694	19	9,724	2,043	1,256
Wales	18	12,349	9	8,292	1	1,723	8	2,024	569	231
North East	27	20,290	10	11,490	1	250	16	7,548	1,798	1,203
Yorkshire and Humberside	41	35,641	19	16,476	1	878	21	18,264	4,474	2,612
East Midlands	53	59,916	31	44,143	1	220	21	15,548	3,546	1,457
South East	167	141,625	78	63,424	5	14,240	84	56,270	11,702	6,127
South West	68	46,838	23	30,089	nil	nil	45	17,130	4,828	3,857
West Midlands	123	124,884	49	44,677	3	7,988	71	65,432	15,621	8,079
North West	72	86,132	29	32,131	1	467	42	51,175	9,935	5,645
Northern Ireland	4	1,798	nil	nil	nil	nil	4	1,591	369	293
Total	612	585,460	267	293,644	14	28,460	331	244,706	54,885	30,760
Of which, in year ended 31.3.87	64	83,354	43	51,874	—	—	37	47,392	7,513	10,567

(a) An adjustment has been made to the basis of calculation of applications received from that used in last year's report: Informal applications which were not followed up by a formal application for assistance have been excluded from this year's figures.

APPENDIX 16

Investment Support for Microelectronics (MISP 2)

At 31 March 1987, assistance totalling £37.1 million had been offered towards 80 projects. A further 28 projects were under consideration, involving total project costs of £129 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 1987—SUPPORT FOR MICROELECTRONICS (MISP 2)

Region	Applications									Payments (£'000)
	Received		Rejected or withdrawn		Under consideration		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	
Scotland	6	38,162	1	30,000	1	2,794	4	4,982	1,077	518
Wales	1	450	1	450	—	—	—	—	—	—
North East	4	6,083	1	1,816	2	3,770	1	497	98	22
Yorkshire and Humberside	2	788	1	240	—	—	1	608	136	—
East Midlands	17	94,809	10	59,026	6	35,051	1	407	87	—
South East	74	301,040	23	137,324	2	5,373	49	140,743	24,615	6,610
South West	19	151,470	10	53,628	1	56,000	8	41,933	4,914	3,501
West Midlands	4	3,589	1	2,163	—	—	3	1,125	278	138
North West	29	64,531	2	2,567	15	20,987	12	40,462	5,064	3,935
Mixed	6	10,702	4	3,705	1	4,600	1	2,397	839	83
Total	162	671,624	54	290,919	28	128,575	80	233,154	37,108	14,807
Of which, in year ended 31.3.87	42	255,855	13	84,904	—	—	17	55,920	10,798	7,503

APPENDIX 17

Investment Support for Fibre Optics and Opto-Electronics

This measure, 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 TO 31 MARCH 1987—INVESTMENT SUPPORT FOR FIBRE OPTICS AND OPTO-ELECTRONICS INDUSTRIAL DEVELOPMENT ACT 1982

Region	Applications									
	Received		Rejected or withdrawn		Under consideration		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	1	489	1	489	—	—	—	—	—	—
Wales	2	1,061	1	470	—	—	1	241	15	15
North East	—	—	—	—	—	—	—	—	—	—
Yorkshire and Humberside	2	1,539	—	—	—	—	2	1,147	308	211
East Midlands	2	3,835	—	—	—	—	2	3,835	384	335
South East	19	43,735	3	4,007	3	2,732	13	23,917	3,092	1,738
South West	6	9,127	—	—	—	—	6	9,127	1,763	804
West Midlands	—	—	—	—	—	—	—	—	—	—
North West	—	—	—	—	—	—	—	—	—	—
Mixed	—	—	—	—	—	—	—	—	—	—
Total	32	59,786	5	4,966	3	2,732	24	38,267	5,562	3,103
Of which in year ended 31.3.87	—	—	—	—	—	—	1	508	402	485

TABLE 2 APPLICATIONS AND OFFERS TO 31 MARCH 1987—INVESTMENT SUPPORT FOR FIBRE OPTICS AND OPTO-ELECTRONICS SCIENCE AND TECHNOLOGY ACT

Region	Applications									
	Received		Rejected or withdrawn		Under consideration		Offers			
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	Payments (£'000)
Scotland	4	2,412	—	—	1	1,090	3	568	170	111
Wales	4	2,925	3	2,448	—	—	1	477	98	—
North East	3	5,105	—	—	—	—	3	3,207	727	248
Yorkshire and Humberside	16	8,784	3	692	—	—	13	7,576	1,980	1,504
East Midlands	4	1,574	1	390	—	—	3	1,133	371	326
South East	127	129,334	16	9,505	6	5,305	105	113,451	26,449	18,066
South West	12	21,312	2	5,282	2	6,216	8	9,317	2,557	2,169
West Midlands	4	13,130	1	7,587	—	—	3	5,165	1,310	1,171
North West	9	16,909	6	15,781	—	—	3	1,111	1,104	1,172
Mixed	1	32	—	—	—	—	1	32	32	32
Total	184	201,517	32	41,685	9	12,611	143	142,037	34,798	24,799
Of which in year ended 31.3.87	8	12,947	2	19,619	—	—	9	8,471	1,959	3,658

APPENDIX 18

Support for Implementing Quality Assurance Schemes

The aim of this measure of support was to provide financial assistance to small firms employing up to 500 people for improving their quality assurance procedures to the level of British Standard 5750 or an equivalent standard. Assistance was available in the form of a grant of 20 per cent (formerly 25 per cent) of the net eligible costs (eg net of VAT, Regional Development Grant, or any European Community Grant). Eligible costs must not exceed £100,000 and may include:

- (a) the production of a 'Quality Manual', ie a detailed document which sets out responsibilities for every step in the production process which relates to

quality, including organisation of component stocks, stores, inward inspection, testing 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.

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

TABLE 1 APPLICATIONS AND OFFERS TO 31 MARCH 1987—QDE

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	40	1,521	6	214	9	504	25	803	208	70
Wales	14	661	4	53	3	138	8	470	94	42
North East	38	1,556	12	692	8	272	18	592	165	81
Yorkshire and Humberside	85	2,476	12	287	19	689	54	1,500	350	201
East Midlands	74	2,320	3	29	16	568	55	1,723	388	165
South East	188	8,124	28	1,341	43	1,796	117	4,987	1,138	552
South West	48	1,677	8	284	3	158	37	1,235	297	150
West Midlands	133	3,921	16	554	20	575	97	2,792	617	258
North West	63	2,606	12	480	7	250	44	1,876	395	171
Northern Ireland	3	264	2	164	—	—	1	100	20	—
Total	687	25,126	103	4,098	128	4,950	456	16,078	3,672	1,690
Of which in year ended 31.3.87	335	12,110	47	1,810	—	—	287	7,942	1,638	1,057

APPENDIX 19

Assistance for the Development of Certification Schemes

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.

APPENDIX 20

Coal Firing Scheme

Under the Scheme, capital grants of up to 25 per cent of eligible costs can be obtained from the conversion of 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.

The Scheme is open to commercial undertakings in manufacturing industry, commerce, agriculture and service sector, with some exceptions, notably banking and insurance. The Scheme is essentially directed at the private sector and public sector bodies are generally excluded.

The Scheme closed to new applications on 30 June 1987. Projects are required to be completed within two years except for particularly large projects where the completion date may be extended by prior agreement with the Department.

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1987

Region	Applications						Offers			Payments (£'000)
	Received		Rejected or withdrawn		Under consideration		Number	Project costs (£'000)	Assistance offered (£'000)	
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)				
Scotland	69	59,393	37	38,508	1	4,660	31	16,225	2,872	2,501
Wales	39	48,664	27	41,236	1	599	11	6,829	1,245	1,108
North East	43	53,837	21	8,916	nil	nil	22	44,920	5,313	4,040
Yorkshire and Humberside	143	29,351	63	16,183	nil	nil	80	13,169	3,036	2,822
East Midlands	86	36,779	38	23,002	nil	nil	48	13,777	2,880	2,085
South East	165	141,456	95	56,437	3	11,334	67	73,685	13,897	10,943
South West	54	14,508	20	7,062	2	685	32	6,761	1,380	1,069
West Midlands	58	19,526	30	10,238	3	1,226	25	8,062	1,700	1,564
North West	189	123,965	94	61,024	1	941	94	62,000	12,976	10,841
Northern Ireland	26	23,978	14	6,745	1	577	11	16,656	2,879	2,757
Total	872	551,457	439	269,351	12	20,022	421	262,084	48,178	39,730
Of which, in year ended 31.3.87										11,046

Due to roundings the sum of the constituent items may not equal the totals.

APPENDIX 21

Selective Investment Scheme

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1987

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	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	18,000
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	9,502
South East	188	1,170,222	155	1,095,594	33	74,628	8,358	7,995
South West	63	154,918	47	109,674	16	45,244	3,954	3,486
West Midlands	174	365,341	116	238,836	58	126,505	15,016	13,128
North West	82	558,588	70	408,023	12	150,565	8,611	20,012
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	97,449
Of which, in year ended 31.3.87								nil

APPENDIX 22

Innovation-Linked Investment Scheme

TABLE APPLICATIONS AND OFFERS TO 31 MARCH 1987

Region	Applications									
	Received		Rejected or withdrawn		Under consideration		Offers			Payments (£'000)
	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Number	Project costs (£'000)	Assistance offered (£'000)	
Scotland	15	3,402	6	1,539	nil	nil	9	1,356	245	97
Wales	8	489	5	388	nil	nil	3	117	23	23
Yorkshire and Humberside	20	2,868	13	1,587	nil	nil	7	1,066	213	166
East Midlands	12	3,121	8	2,697	nil	nil	4	471	94	48
South East	46	17,922	22	9,172	nil	nil	24	5,327	963	638
South West	13	3,519	5	1,185	nil	nil	8	1,719	325	239
West Midlands	20	4,311	11	3,056	nil	nil	9	1,020	200	105
North West	5	1,564	1	105	nil	nil	4	909	176	62
Total	139	37,196	71	19,729	nil	nil	68	11,985	2,239	1,378
Of which, in year ended 31.3.87	nil	nil	nil	nil			1	208	37	269

APPENDIX 23

Microelectronics Industry Support Programme 1 (MISP1)

TABLE 1 APPLICATIONS AND OFFERS UNDER THE INDUSTRIAL DEVELOPMENT ACT 1982 TO 31 MARCH 1987

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	14	97,535	4	38,060	10	59,475	8,642	8,245
Wales	5	529	nil	nil	5	440	118	105
North East	3	722	1	193	2	529	139	104
East Midlands	28	59,337	1	224	27	53,517	10,747	9,667
South East	48	77,651	19	16,579	29	58,645	13,833	12,259
South West	34	50,443	7	5,655	27	35,379	9,101	7,793
West Midlands	7	3,812	1	225	6	3,411	932	397
North West	61	70,432	1	238	60	65,034	15,535	14,563
Mixed	4	11,398	4	11,398	nil	nil	nil	nil
Total	204	371,859	38	72,572	166	276,430	59,047	53,133
Of which, in year ended 31.3.87								681

Note: The above includes offers and payments made for projects under the Electronic Components Industry Scheme 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 1987

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	4	224	1	nil	4	162	45	40
East Midlands	2	5,632	nil	nil	2	5,132	1,371	1,246
South East	11	4,199	1	100	10	4,110	1,338	1,248
South West	5	1,030	1	240	4	833	458	426
North West	10	5,384	nil	nil	10	5,384	1,338	1,290
Total	32	16,469	3	340	30	15,621	4,550	4,250
Of which, in year ended 31.3.87								55

Note: Some data in the above tables may not be compatible with figures shown in past Reports. Recent computerisation has produced corrected data.

APPENDIX 24

Assistance to the Shipbuilding Industry

Home Credit Scheme for Shipbuilding

Payments of £8 million repaid in full the total amount of Government refinanced loans in the year to 31 March 1987.

In the same year, payments of interest grant totalled £37.1 million including the discount of £0.9 million referred to in paragraph 49 of the main text. These were made to the banks under the authority of the Industry Act 1975 (Section 25).

TABLE STATEMENTS OF GUARANTEES FOR THE YEAR ENDED 31 MARCH 1987

	<i>Number of Guarantees</i>	<i>Amount of Principal Guaranteed (£'000)</i>
Guarantees current on 1 April 1986	316	919,940
Guarantees given in year 1986-87	29	28,818
Repayments in year 1986-87 (a)	53	140,221
Guarantees current on 31 March 1987	292	808,537

(a) 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 25

Assistance to Local Enterprise Agencies and Business Clubs

TABLE GRANTS PAID IN 1986-87

<i>Region (a)</i>	<i>Number of agencies assisted</i>	<i>Total payments (£'000)</i>
North East	12	216.7
Yorkshire and Humberside	11	173.8
East Midlands	21	277.1
South East	35	447.575
South West	20	231.615
West Midlands	14	242.5
North West	35	524.89
London	18	206.6
Total	166	2,320.78

(a) By standard MSC Region.

APPENDIX 26

Management Training and Education

TABLE 1 GRANTS MADE BY THE DEPARTMENT OF EMPLOYMENT TO 31 MARCH 1987

<i>Organisation</i>	<i>Description</i>	<i>Amount (£)</i>
Institute of Marketing	Contribution towards cost of running 30 seminars to educate small firm owner/managers about marketing	40,000
Durham University Business School	Further instalment of ongoing commitment to New Enterprise Development Project which undertakes innovative work in field of small firms training	36,000
Newcastle Microsystems Centre	Development and delivery of 2 courses to provide small firms with an introductory briefing on the use of particular types of micro-computer systems and the application of them to their businesses	20,000
Business in the Community	Pilot project involving 6 local enterprise agencies to teach small businessmen basic management skills through computer based training modules and then help them relate those skills to their businesses by one-to-one counselling	10,000
Women in Enterprise	Innovative project to develop and deliver 2 training courses to address the specific needs of female entrepreneurs	10,000
Project North East	Project to develop and deliver a package of materials and seminars to brief experienced businessmen intending to become youth enterprise counsellors	10,000
University of Warwick	Further instalment of ongoing commitment to Small Business Centre which undertakes innovative work in field of small firms training	7,500
Peterborough Development Corporation	Experimental weekend seminars to teach the fundamentals of business planning	7,000
Project North East	Project to produce 40 'Business Opportunity Profiles' giving young people basic market information on various business ideas	4,000
Young Business '86 Conference	Conference considering the range of support necessary for young people to successfully run small businesses	2,500
Association of Collegiate Entrepreneurs	Grant to cover costs of distributing 'Enterprise' a magazine about graduate enterprise	2,000
	Total	149,000

TABLE 2 GRANTS MADE BY THE DEPARTMENT OF TRADE AND INDUSTRY TO 31 MARCH 1987

<i>Project Description</i>	<i>Amount (£)</i>
North West Buyer-Seller Project The objectives of this project are to manage customer supplier relationships for competitive advantage. It is being run jointly by Manchester Business School and UMIST.	39,000
Action Learning Associates This is a project run by ALA aimed at improving the productivity of small and medium sized firms in the West Midlands by action learning techniques.	20,000
Footwear Industry This is a pilot project to improve management effectiveness in the footwear industry. Four firms have sent managers on the first course.	8,000
Paisley Marketing Diploma Finance has been provided to set up a diploma course in Industrial and Technical Marketing. The first course will begin in September.	40,000
Total	107,000

APPENDIX 27

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 1987.

Industrial Development Advisory Board

Chairman

Sir Ronald Halstead, CBE

Members

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

Scottish Industrial Development Advisory Board

Chairman

Sir Robert Smith, CBE, MA, LLA, CA

Members

Mr. Y. Ali, OBE
Mr. K. Fox
Mr. T. Johnston, OBE
Mr. J. Langan
Mr. B. F. Lawson
Mr. J. M. Little, CBE
Mr. D. J. MacLeod, CBE, CA
Mr. A. Merrills, OBE
Professor J. Shaw
Mr. D. Shoat
Mr. A. K. Smith, CBE

Welsh Industrial Development Advisory Board

Chairman

Mr. P. J. Phillips, OBE

Members

Mr. A. G. Cox
Mr. L. M. Davies, OBE, JP
Mr. J. James
Mr. J. Mochan, MBE
Mr. B. S. Morris
Mr. P. A. G. Mullens, OBE
Mr. N. D. Penfold, MBE

North East Industrial Development Board

Chairman

Mr. L. R. Mann, OBE

Members

Mr. J. C. Barnsley
Mr. R. F. Bishop
Mr. E. Bostwick
Mr. T. Burlison
Mr. J. Creaby
Mr. D. S. Hudson
Mr. G. A. McNichol, OBE
Mr. P. D. Nicholson
Mrs. J. A. Verdon

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, OBE, TD
Mr. D. W. Ford
Mr. R. Illingworth
Mr. J. Lyles, CBE
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. E. G. Hoare
Mr. M. Knight
Mr. V. Parsons

West Midlands Industrial Development Board

Chairman

Mr. E. Swainson, CBE

Members

Mr. J. Allen
Mr. B. W. Baker
Mr. R. S. Burman
Mr. A. P. Cant
Mr. D. A. Cooper-Smith
Mr. N. Gidney, CBE
Mr. G. R. Mackenzie
Mr. B. Senior
Mr. A. K. Timberlake

North West Industrial Development Board

Chairman

Mr. G. N. Hague, OBE, FCIS

Members

Mr. J. B. Ashworth
Mr. E. A. Boddington
Mr. J. C. Dwek
Mr. L. J. George
Mr. J. R. Higham
Mr. D. G. Linnell
Mr. T. D. Parr, CBE
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