

Industrial Development Act 1982

Annual Report

by the Secretaries of State for Trade and
Industry, Scotland and Wales
for the year ended 31 March 1998

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

*Ordered by The House of Commons to be printed
30 July 1998*

LONDON: THE STATIONERY OFFICE

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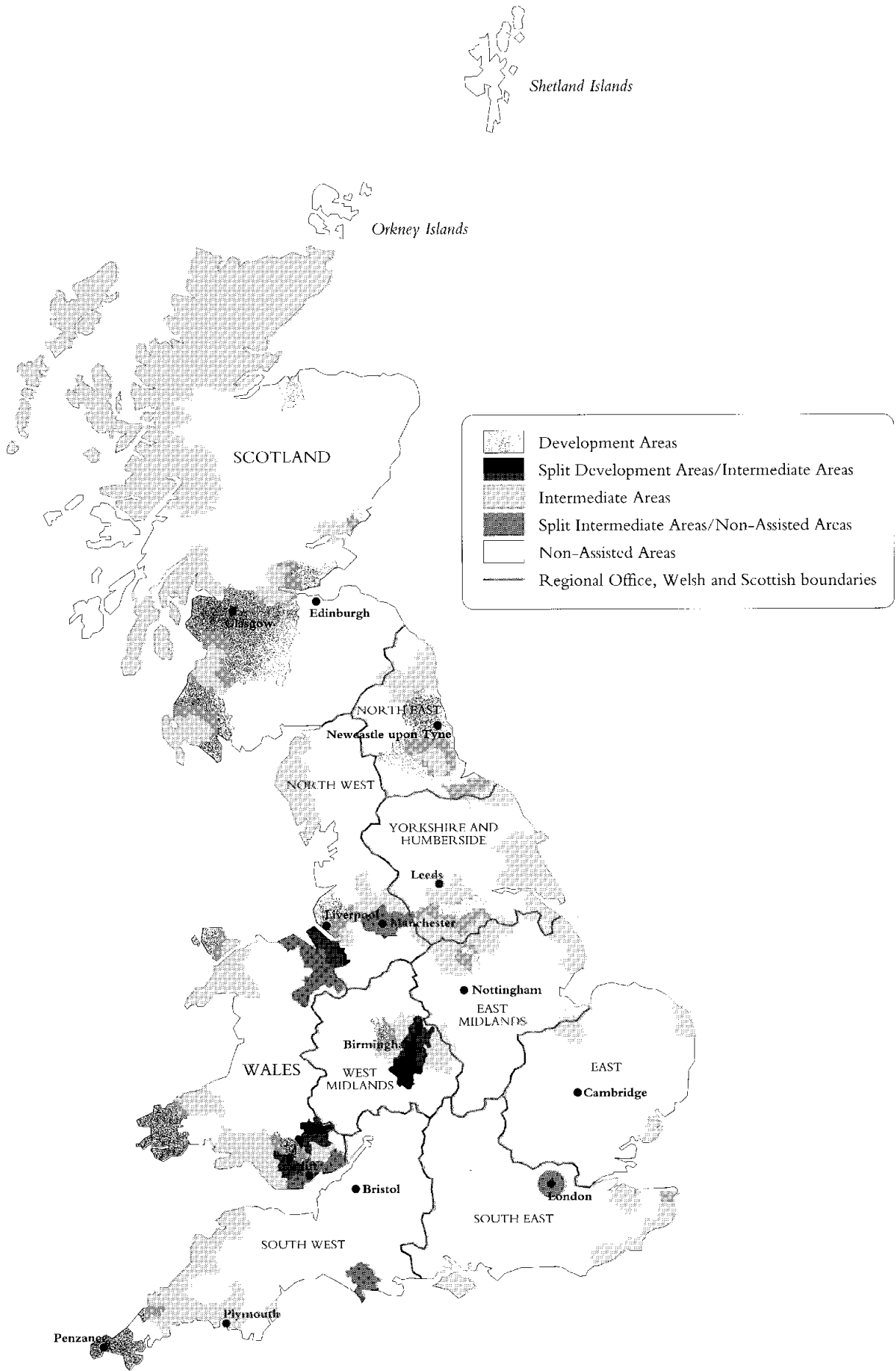
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ABBREVIATIONS

BCC	British Chambers of Commerce
BL	Business Links
CBI	Confederation of British Industry
DCDI	Devon and Cornwall Development International
DTI	Department of Trade and Industry
EC/EU	European Community/Union
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EFTA	European Free Trade Agreement
EIB	European Investment Bank
EIEC	English Industrial Estates Corporation
EMDC	East Midlands Development Company
ERDF	European Regional Development Fund
ERGS	Exchange Risk Guarantee Scheme
FBSMs	Flexible Business Support Measures (under ERDF)
FP50	Floating Production Storage & Vessel Offloading
GDP	Gross Domestic Product
IBB	Invest in Britain Bureau
IDAB	Industrial Development Advisory Board
IDB	Industrial Development Board
ILO	International Labour Organisation
ISI	Information Society Initiative
INWARD	The Industrial Development and Inward Investment Organisation for the North West and Merseyside regions
MSIF	Merseyside Special Investment Fund
NETS	North East Technology Support
OECD	Organisation for Economic Co-operation and Development
PBA	Personal Business Adviser
R&D	Research and Development
RDAs	Regional Development Agencies
RDG	Regional Development Grant Scheme
REG	Regional Enterprise Grant Scheme
RETEX	European Regional Development Fund Community Programme for Textile areas
RIG	Regional Investment Grant
RIN	Regional Innovation Grant
RITAP	Regional Innovation and Technology Action Plan
RITS	Regional Innovation and Technology
RIITS	Regional Inward Investment Teams
RSA	Regional Selective Assistance
RTC	Regional Technical Centre
SCDI	Scottish Council Development & Industry
SCEEMAS	Small Company Environmental and Energy Management Assistance Scheme
SFLGS	Small Firms Loan Guarantee Scheme
SIDAB	Scottish Industrial Development Advisory Board
SIF	Shipbuilding Intervention Fund
SMART	Small Firms Merit Award for Research & Technology
SMEs	Small and Medium Sized Enterprises
SPUR	Support for Projects under Research
TEC	Training and Enterprise Council
TTWA	Travel-to-Work Area
URBAN	European Regional Development Fund Community Programme for Inner City areas
WDA	Welsh Development Agency
WEDA	West of England Development Agency
YHDA	Yorkshire and Humber Development Agency

The Assisted Areas at 1.8.93



Development Areas and Intermediate Areas as defined by DTI at 1.8.93.

Industrial Development Act 1982

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

Introduction

1. This Report, for the year ended 31 March 1998, describes the exercise of powers under the Industrial Development Act 1982 referred to in Section 11 and 15 of the Act, including the powers under past legislation which the Act consolidated. Sections 11 and 15 of the Act are reproduced at Appendix 1.

2. This Report opens with an account of regional support and goes on to describe measures of national investment support and special assistance to shipbuilding and small firms. It concludes with a section covering miscellaneous items, and commentaries by the various Industrial Development Advisory Boards and Industrial Development Boards. Throughout this Report the figures given for project costs, assistance offered and payments made represent actual amounts which have not been converted to a fixed price basis.

Regional Support

3. Assistance to regional industrial development continued to be given under a number of measures during the year. In common with past practice, unemployment statistics for the Assisted Areas are at Appendix 2.

Regional Development Grants

4. After 31 March 1988 the revised RDG scheme was closed to new applications. No further payments were made in England, Scotland or Wales after 1996–97.

Regional Enterprise Grants

5. REG in England was suspended on 13 September 1996 as expenditure and commitments showed the allocated budget to be fully committed.

Regional Investment Grants:

6. RIG in Scotland and Wales closed on 31 January 1997 and merged with Regional Selective Assistance (RSA).

7. In England, RIG was suspended on 13th September 1996 and integrated into the DTT's RSA scheme on 1st April 1997. RIG is only available in coal closure areas outside the Assisted Areas for projects in designated Wards in the East and West Midlands until the end of 1998/99.

Regional Innovation Grants:

8. In England, the REG (Innovation) scheme was merged with DTT's SMART, SPUR, and SPUR Plus schemes with effect from 1 April 1997.

9. In Scotland, Scottish Enterprise and Highlands and Islands Enterprise, now provide support of the type previously given under the REG (Innovation) scheme to small companies throughout Scotland. (In Lowland Scotland this support is delivered through the network of local enterprise companies).

10. In Wales, REG (Innovation) was brigaded in January 1997 with SMART, SPUR and SPUR Plus under the SMART Wales banner. It continues to be offered as a discreet scheme and was extended to the whole of Wales from 28 August 1997.

11. Payments continue to be made elsewhere in Great Britain as a result of offers made in previous years. Details are given in the following table.

Region/Country	Payments in 1997/98 (resulting from offers made before scheme closed) £
Scotland	836,074
Wales	1,039,838
North East	561,096
Yorkshire & Humberside	1,814,213
East Midlands	2,637,133
London	190,520
South West	337,203
North West	1,207,299
Merseyside	402,433
South East	200,381
West Midlands	1,268,772
East	141,913
Total	10,636,875

Regional Selective Assistance Under Section 7 Of The Industrial Development Act 1982

12. The purpose of providing assistance under Section 7 is to encourage sound projects which will improve employment opportunities in the Assisted Areas. Projects qualifying for assistance fall into two broad categories:

- (a) new projects and expansions which create employment;
- (b) projects, e.g. for modernisation or rationalisation, which do not provide extra jobs but maintain or safeguard existing employment.

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

- (a) **Viability** - An assessment is made of the viability of the project and of the undertaking seeking assistance;
- (b) **Proof of Need** - The applicant must demonstrate that the assistance is needed for the project to go ahead on the basis proposed.
- (c) **Efficiency** - Assistance is provided only for projects which are likely to strengthen the regional and national economy and thereby provide more productive and secure jobs e.g. by improving efficiency and/or by the introduction of new technology or products. Job displacement elsewhere is also taken into consideration.
- (d) **Employment Link** - Assistance is only provided when there is a benefit to employment. Projects should lead to a creation of additional employment (Category A) or the safeguarding of existing employment through modernisation or rationalisation (Category B) in the Assisted Areas.
- (e) **Public Sector Contribution** - The greater part of the cost of projects should be met by the applicant or from other sources outside the public sector.

14. Broadly, all projects in the manufacturing and service industries are eligible, but projects serving primarily local markets are not normally assisted.

15. Projects are not normally assisted under Section 7 if adequate provision for Government assistance is made under specified schemes, e.g. Ministry of Agriculture, Fisheries and Food schemes for agricultural, horticultural and fishery projects, or if assistance is being sought under alternative schemes. Some sectors are the subject of restrictions imposed by the European Commission affecting the granting of regional aid. 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.

16. The total amount of assistance is negotiated as the minimum necessary to enable the project to go ahead. There are powers under Section 7 to provide assistance by any description of investment, lending or guarantee but forms of assistance other than grants, are provided only in exceptional circumstances. Assistance is made available subject to any restrictions or limitation imposed by the European Community.

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

18. Set out below are brief details of RSA applications received and offers accepted by industry during 1997–98. Offers may relate to applications received in prior years.

	Applications		Offers accepted	
	No.	Value £m	No.	Value £m
England	1321	300	954	164
Scotland	277	174	233	188
Wales	161	75	140	114
Great Britain	1759	549	1332	466

Further details are at Appendix 4 (Table 2).

European Regional Development Fund (ERDF)

19. The European Regional Development Fund (ERDF), one of the three European Community Structural Funds, came into operation in its present form on 1 January 1989. On 1 January 1994 it entered a second programme period which will end on 31 December 1999. There has been an increasing emphasis on the ERDF being used for revenue expenditure rather than the traditional infrastructure and it enhances Government and locally initiated business development measures.

20. ERDF grants are allocated through a number of Single Programme Documents (successor of, but not identical to, Community Support Frameworks that were in place up to 31 December 1993) in areas defined by the European Commission under Objectives 1 (areas lagging behind in development), Objective 2 (industrial and urban areas) and Objective 5b (rural areas). Additional grants are made available through a number of Community Initiatives that are targeted at specific sectors (such as the conversion of textile areas under RETEX and the regeneration of inner cities under URBAN).

21. ERDF grants in 1997–98 for business development measures in England amounted to £18.4 million. ERDF expenditure on Flexible Business Support Measures (FBSMs) ended in 1996–97.

Regional Loans From The European Community

Exchange Risk Guarantee Scheme (ERGS)

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

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

24. At 31 March 1998, ECSC loans totalling £1,113.5 million had attracted exchange risk cover. In 1997–98, the scheme made a gross loss of £26.6 million. Its cumulative losses amount to £261 million, to 31 March 1998.

25. There have been no new offers of cover in respect of sub-loans for individual projects since March 1992. The scheme closed for new application for loans on 28 March 1997. All loans will be repaid before 31 December 2001, and ERGS commitments will end in March 2000.

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

Improvement In Basic Services

26. During the year, 9 applications were received for grant towards improvement of basic services in the Assisted Areas. At 31 March 1998 grants totalling £ 2.3m had been approved towards 18 schemes costing £ 9.7m. Further details are at Appendix 5.

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

27. National investment support continued to be given under Section 8 of the Act. Details of those measures which remained open for application at 31 March 1998 are set out in paragraphs 28 to 36. Information on some measures that closed for application before March 1998 and on which payments were made during recent years is set out in paragraphs 37 to 41.

Measures Open for Applications at 31 March 1998

Small Firms Loan Guarantee Scheme

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

29. Loans over periods of between two and ten years are provided by participating banks and other financial institutions who take responsibility for commercial decisions affecting borrowers. For established businesses that have been trading for two years or more at the time of application the Department provides an 85 per cent guarantee on loans of up to £250,000. For other businesses, including start-ups, the guarantee is 70 per cent on loans of up to £100,000. In return for the guarantee the borrower pays a premium to the Department. For loans with a fixed rate of interest the premium is 0.5 per cent a year on the outstanding loan amount while for loans with a variable rate of interest the premium is 1.5 per cent a year on the outstanding loan amount.

30. Loans of up to £30,000 from some of the approved lenders, are subject to simplified administrative procedures which enable the lender to approve applications without first referring them to the Department, thus speeding up the lending decision.

31. Since the start of the Scheme in June 1981 over 62,000 loans, valued at over £2.1 billion have been guaranteed.

32. Within existing costs, ways are being sought to re-focus the Scheme towards small high technology businesses. One measure being actioned, is to seek potential new lenders with experience of providing finance to small high technology businesses.

33. The following tables give a breakdown of guarantees issued since 1981.

Table 1

Guarantees Issued from Inception in June 1981 to 31 March 1998 by Region

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	3978	169.78
Wales	3154	95.99
North East	2734	82.24
Yorkshire & Humberside	4683	147.89
East Midlands & East	7029	235.31
London & South East	20799	753.63
South West	7996	247.36
West Midlands	5344	170.05
North West	6313	198.59
Northern Ireland	616	29.63
Total	62646	2130.47

Table 2

Guarantees Issued from 1 April 1997 to 31 March 1998 by Region

<i>Region</i>	<i>Number</i>	<i>Value (£m)</i>
Scotland	440	26.13
Wales	227	7.53
North East	170	6.57
Yorkshire & Humberside	396	15.47
East Midlands & East	999	37.31
London & South East	1222	49.28
South West	685	24.69
West Midlands	514	17.25
North West	387	14.36
Northern Ireland	41	2.76
Total	5081	201.35

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

34. The Scheme is operated by the Department of the Environment, Transport and the Regions. SCEEMAS was launched in November 1995 and provides grant assistance to help small manufacturing firms hire consultancy advice to enable them to improve their environmental management and encourage them to register under the EC Eco-Management and Audit Scheme or achieve certification for ISO 14001.

35. Grants of up to 50% are available to cover the cost of approved consultancy work for one or more stages: 1) for undertaking an Environmental Review, 2) for implementing an Environmental Management System and 3) for producing an independently verified environmental statement and registering the company's site under the EC Eco-management and Audit Scheme. The small firm can enter at any stage depending on their requirements and the level of implementation already achieved. Applicants are encouraged to progress through all three stages to make the maximum use of grant available. During the year 1997-98, 104 applications were approved with 82 grants paid to the value of £113,632.

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

Measures Closed for Application Before 31 March 1998 with Payments Made in Recent Years

Assistance for the Development of Certification Schemes

37. This measure of support was closed to applications on 16 December 1991. Grants up to 30 per cent (exceptionally 50 per cent) of initial deficits were available.

38. At 31 March 1998, payments of grants totalling about £3 million had been made.

39. Further information on this scheme was given in last year's report (page 5, paragraphs 37–39 and Appendix 7 Table 1).

Assistance for Exceptional Projects

40. This scheme closed to new applications on 18 July 1995. There were no payments made during the year 1997–98. Payments made under the scheme total £24.0 million.

Support Programme for Chambers of Commerce and Industry

41. The DTI's final year of funding for the British Chambers of Commerce (BCC) Development Strategy was 1996/97. Information on the scheme was given in last year's report.

Individual Applications under Section 8

42. Cases which do not qualify for assistance under other support measures can on an exceptional basis, be helped under the general powers of Section 8, subject to Treasury and European Commission approvals.

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

43. The British Film Commission was launched on 12 May 1991. Its aims are to actively encourage overseas film and television producers to make use of United Kingdom studios, locations, post-production facilities and creative and technical personnel. In addition, it helps to co-ordinate work of other national, area and local commissions, so as to help make available a comprehensive information service to producers inquiring about locations, facilities etc. Responsibility for the Commission was assumed by the Department of Media, Culture & Sport with effect from 1 May 1992.

44. During 1997–98, a grant of £0.85 million was provided to the British Film Commission. Total grant provided to the Commission at 31 March 1998 was £5.95 million. This was used to cover the establishment and subsequent operational costs of the Commission.

Special Assistance To Shipbuilding And Associated Industries

Shipbuilding Intervention Fund (SIF)

45. Aid to shipbuilding within the European Community is regulated by the Seventh Directive on Aid to Shipbuilding which has been extended and now runs until 31 December 1998 or until entry into force of the OECD Agreement on the elimination of shipbuilding subsidies, if earlier. The Directive is permissive and Member States may provide any level of support up to the ceiling which is subject to annual review. For 1998 it has been set at 9 per cent of building costs for ships costing ECU 10 million or more and 4.5 per cent for ships costing less than that amount. The United Kingdom is offering support up to those maximum permitted levels, except that grants will not be offered for ships costing less than £1 million.

46. During 1997–98, grants of £7.0 million were awarded to secure orders for eleven ships totalling 19,206 tonnes. Total grants awarded from the inception of the SIF in February 1977 to 31 March 1997 amount to £545 million, covering orders for 423 ships totalling 3.54 million tonnes.

Assistance Under Part III Of The Industry Act 1972

The Home Shipbuilding Credit Guarantee Scheme

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

48. In the year to 31 March 1998 payments of interest from the banks totalled £0.2 million nett (previous year, £3.2 million). These were made to the Department of Trade and Industry under the authority of the Industry Act 1975 (Section 25). The Statement of Guarantees for the year to 31 March 1998 is as follows (1997 figures in brackets).

Statement of Guarantees for the Year Ended 31 March 1998

	Number of Guarantees	Amount of Principal Guaranteed (£'000)
Guarantees current on 1 April 1997 (a)	145 (178)	519,997 (582,444)
Guarantees offered in year 1997-98 (a)	7 (31)	48,327 (175,147)
Repayments in year 1997-98 (b)	25 (64)	149,463 (237,594)
Guarantees current on 31 March 1998 (a)	127 (145)	418,861 (519,997)

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

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

Assistance Under Section 11 of the Industrial Development Act 1982

Business Improvement Services

49. Management Best Practice Directorate provides - mainly through Business Links and Trade Associations - a range of activities designed to help SMEs define and improve their performance in various best practice areas. The best practice promotional activities are designed to stimulate the smaller companies and help identify and address weaknesses and provide help with networking, benchmarking and visits to best practice companies. The three centrally administered core elements are:

- Connect for Better Business** - a CD-ROM based package of best practice awareness materials.
- The UK Benchmarking Index** - This was launched on 21 October 1996 and is designed to introduce companies to benchmarking.
- Inside UK Enterprise** - This is an inter-company demonstration scheme.

50. In addition to the above assistance, we are continuing to develop Internet pages which will contain a range of awareness and self-help packages and support research on the identification of best practice.

Small Firms Activities Under Section 11 Of The Industrial Development Act 1982

Business Links

51. The establishment of the Business Link network in England has been one of the most significant achievements in the continuing development for small and medium-sized enterprises (SMEs). The network of 83 Business Link Partnerships is complete and has over 240 outlets. It has been created through the effective partnership of Training and Enterprise Councils (TECs), Chambers of Commerce, Local Enterprise Agencies and Local Authorities in order to provide a single point of contact for a range of high

quality business support services. Every firm in England now has access to these services via their local Business Link.

52. The services Business Links offer include information and advice, counselling, a Personal Business Adviser (PBA) service, and specialist services on export, finance, design, and innovation and technology. There is still scope for improving these high quality services. For this reason, Barbara Roche, Minister for Small Firms, launched '**Enhanced Business Links: A Vision for the 21st Century**' at the Business Link National Conference in October 1997. This sets out five key challenges for Business Link partnerships:

- to make a reality of the one-stop shop;
- to make Business Links more business-like;
- to increase commitment to continuous improvement;
- to improve and extend quality assurance through changes to the accreditation system;
- to provide a service for all small and medium-sized businesses, while continuing to target specialist resources on growth companies.

53. The evidence of Business Link impact is impressive. The latest information shows that in the period October - January 1997, 8,200 businesses a week used Business Link services.

54. The DTI contributes to the funds to help Business Links develop and provide these services. In 1998-99, £14.6 million is available towards the cost of establishment of the network, and £106.5 million for the provision of business support services. Business Links, as commercial organisations, are being encouraged to develop additional income through charging for the services they provide - by their fifth year of operation, Business Links will be expected to be earning at least 25% of their income from the businesses they assist. This will enable them to generate additional funds in order to increase the volume, quality and range of services that they offer.

Business Connect Wales

55. This network, launched in January 1996, provides a single point of entry to the business support infrastructure for anyone seeking help to establish a new business or for those established businesses needing information and advice on the services available. Business Connect encompasses a variety of local and national organisations operating in partnership through eight business development consortia which have developed a network of over thirty business centres accessed by a single, all-Wales telephone number. By establishing effective working arrangements at the local level, supported by a sophisticated information technology infrastructure and staff training to NVQ standards, the consortia are ensuring the delivery of high quality business support services.

56. Since 1996-97, the Welsh Office has supported a range of new services under the Business Connect Initiative which target companies with the potential to grow. Projects include the establishment of personal business advisor and mentoring services, supply chain developments, environmental and financial counselling and the establishment of team-managed businesses. Funding will continue for on-going schemes until 1998-99. The cost of these projects in 1997-98 was £0.9 million.

57. In 1997-98, over £11 million was made available by the Welsh Office to TECs in Wales for the provision of a range of services including the business start-up scheme, small firms training initiative and other human resource development programmes, diagnostic and consultancy services, the sole traders initiative and Investors in People programme.

The Expert Help Programme: Scotland

58. The Expert Help Programme was introduced in 1995. The aim of the Programme is to encourage managers of SMEs to use outside experts when considering the strategic direction of their businesses or tackling technical problems. It provides free advice on technical issues from Innovation and Technology Counsellors and financial support towards the cost of more detailed advice and assistance. In the year to 31 March 1998 spend under the Programme totalled £1,853,532 and some 1,923 companies were assisted.

OTHER MATTERS AND DEVELOPMENTS IN 1997-98

Inward Investment

59. In spite of the widely reported financial turmoil in the Asia Pacific region, IBB's Asia Pacific Section in London are continuing to develop very active promotional programmes in each of the priority markets in the region. This work has been supported by IBB's Asia Pacific Regional Office which is based in Hong Kong and has responsibility for all Asia Pacific markets excluding Japan.

60. In liaison with the relevant overseas Embassies and Consulates, events were organised on board the Royal Yacht "Britannia" in Tokyo, Nagoya and Kobe and at Pusan in Korea. Other inward investment events were held in a number of locations in Japan and in Taiwan, Australia, Malaysia, Hong Kong and, for the first time, in China where the President of the Board of Trade addressed audiences at IBB inward investment seminars in Beijing and Shanghai. IBB sponsored inward investment missions visited the UK from Taiwan, Korea and Japan, which included one general and one research and development focused mission. IBB also participated in an exhibition in India.

61. In Europe three investment seminars were held, two in Germany and two in Italy. IBB also had a stand at SuperC '98, a call centre conference in Paris and recently shared a stand with the Western Development Partnership at CEBIT in Germany. IBB Europe hosted a lunch in November 1997 and a dinner in March 1998 at the Ambassador's residence in Paris; both events attracted over thirty guests.

62. In North America the IBB continued to pursue an extensive programme of visits to potential investors, making 978 visits. The Bureau's Regional Inward Investment Teams (RIITs) were involved in a total of twelve seminars. In the last year there has been the formation of a further three RIITs in Boston, San Francisco and Houston.

63. IBB has continued to develop the International Investor Development Programme by working closely with its partners in DTI Sector Directorates, Government Offices, Regional Agencies, Overseas Posts and other Government Departments to better co-ordinate and strengthen existing aftercare activities and to establish long term relationships with the senior management of existing overseas owned companies in the UK.

64. IBB's Marketing section arranged a visit of a Chinese TV crew around the UK. They held interviews with Andrew Fraser, Chief Executive of the IBB and with key companies and the resulting programme has helped to position the UK in China, which will be one of the emerging Foreign Direct Investment markets in the 21st Century.

65. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the United Kingdom in 1997/98, since not all such investment is notified to the Department, particularly when it takes place outside the Assisted Areas or involves expansions on existing sites. However, during the year ended March 1998 the IBB recorded a total of 618 decisions to invest or expand investment in the United Kingdom with 124,622 jobs associated. These figures are based on information provided by the companies at the time of the announcement to invest and include only those projects where the IBB and its regional partners were involved or which have come to their notice. They take no account of subsequent developments.

66. 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 1998 offers of £311million were accepted under Section 7 to such companies for 155 projects estimated to cost £5,192.3 million.

Publication of Assistance Offered

67. Details of offers of Regional Selective Assistance against which first payments were made during the year to 31 March 1998 were published in Labour Market trends issued in January, April, July and October 1998. Publication was limited to offers of grant of £75,000 or more.

Commentaries By The Industrial Development Advisory Boards And Industrial Development Boards

Industrial Development Advisory Board

68. The Industrial Development Advisory Board continued to advise the Secretary of State on the exercise of her powers under Sections 7 and 8 of the Industrial Development Act 1982.

69. Five meetings were held to examine and discuss five major applications under Section 7 of the Act. The Board found that three of the applications met the relevant criteria for assistance and recommended that they should be supported. The Board welcomed the significant inward investment decisions taken by companies such as Ford motor company (Jaguar X400 project), General Motors Corporation (Vauxhall engine plant) and Proctor & Gamble (premium kitchen paper). In each case the project competed against a range of other attractive locations in Europe or the USA.

70. In addition to these projects, the Board were also asked to consider Rolls-Royce's application for financial assistance under the Civil Aviation Act 1982 (in the past such measures have been described as "Launch Aid"). Under the proposals the Government has agreed to provide long term investment of up to £200 million to Rolls-Royce plc towards the design and development of three new derivatives in their Trent aeroengine family. The investment will secure 16,000 jobs in the long term in the aerospace industry.

71. The Board reviewed progress on a number of projects which had been approved by the Board to see what lessons could be learnt about the case appraisal process and the Board's role in it. A number of issues were considered including the desirability of focusing on the quality of jobs created and factors which would anchor an inward or domestic investor's long-term commitment to the UK.

72. The Board received a presentation on the proposed establishment of the Regional Development Agencies (RDAs). The Board found this to be particularly helpful in assisting their understanding of the planned role for RDAs, and how that would be related to the Board's consideration of major applications for selective financial assistance.

73. The Board wishes to thank Mr Martin Taylor, CBE, who retired during the year, for the valuable contribution he made to the Board's activities. The Board welcomed Mr Roy Brown on his appointment to the Board in April 1997. Sir Malcolm Bates, Dr Robert Hawley, Mr Richard Laphorne and Mr Nigel Macdonald were re-appointed for further terms on the Board.

SIR ANTHONY CLEAVER

Chairman

Scottish Industrial Development Advisory Board

Economic Background

74. The Scottish economy continued to perform well in 1997. Industrial output expanded strongly, unemployment continued to fall, and there were signs of stronger growth in employment. Business survey evidence remained broadly encouraging across most sectors and this continued into the first quarter of 1998, although reports from the manufacturing sector became more mixed as exports continued to decline. Independent forecasters expect Scottish GDP to slow somewhat in 1998, in common with the UK. Nevertheless, growth in Scotland is largely forecast to pick up again in 1999 as output expands in both manufacturing and services.

75. Total output in Scotland's production and construction industries was particularly strong in 1997. The index of production and construction rose by 6.2 %, the fastest annual rate of growth since 1974 and well in excess of growth in the rest of the UK. This was largely due to manufacturing output which increased by 7.7 per cent, fuelled by growth in the electrical and instrument engineering sector. However, increases in output were also recorded across the main sectors of electricity, gas and water supply (7.5%), mining and quarrying (4.6%) and construction (1.4%).

76. Business survey evidence from the CBI Industrial Trends and Scottish Chambers Business surveys was largely positive across most sectors in 1997. Increased orders and sales were evident in both manufacturing and services, while orders started to increase in construction. However, manufacturing export orders and sales were reported to be declining. The latest information for the first quarter of 1998 shows optimism falling in manufacturing, the divergence in performance between domestic and export

markets continuing. In other sectors, the Scottish Chambers reported that optimism rose in construction although orders fell back slightly. Demand continued to increase in distribution and tourism.

77. Looking back at exports, from the Scottish Council Development and Industry (SCDI) annual survey shows continuing growth in manufacturing exports of 6.4 per cent to £18.4 billion in 1996 (UK: 8.9 per cent). Scottish exports continued to be dominated by four sectors - Office Machinery, Radio/TV/Communication Equipment, Whisky and Chemicals - which represented 75 per cent of all Scottish manufactured exports and accounted for nearly 70 per cent overall growth in 1996. Additionally, of the nineteen industries which represented the remaining 25 per cent of Scottish exports, all but five recorded growth in exports. The European Union continued as Scotland's main trading area, although it was North America, now Scotland's second largest export destination, which showed the highest growth rate in 1996. Exports to other markets continued to grow strongly, in particular in Eastern Europe and EFTA regions, although exports to other Asian markets declined. Initial estimates from the SCDI's quarterly export index indicate that manufacturing exports rose by a further 12 per cent in 1997 to £20.6 billion suggesting that the strength of sterling had not impacted upon the level of export sales.

78. The Labour Force Survey estimated an increase of 44,000 in total employment (not seasonally adjusted) in Scotland over the year to February 1998. The Civilian Workforce Jobs series indicated that the number of service sector employee jobs grew strongly in the year to December 1997, while employment in manufacturing continued to decline.

79. Estimates from the Labour Force Survey showed that ILO unemployment (not seasonally adjusted) in Scotland fell by 31,000 in the year to February 1998 to 184,000. The rate of ILO unemployment fell by 1.3 percentage points to 7.4 per cent of the workforce over the same period (UK: 6.3 per cent). Local unemployment data is available from the count of claimants on unemployment related benefits. This showed that claimant count unemployment rates (not seasonally adjusted) in Scotland's Travel to Work Areas (TTWAs) ranged from 1.9 per cent in Aberdeen to 12.7 per cent in Sutherland in March 1998. Claimant count unemployment rates fell in 56 of the 60 TTWA's over the year to March 1998 and rose in four.

Regional Assistance

80. During 1997-98 the number of applications for RSA was 277 which was an increase of almost 8 per cent over the previous year. The pattern of demand by industrial sector was broadly similar to that of the previous years with demand in the electronics industry still remaining strong while the engineering sector has again been one of the busiest areas for applications.

81. 232 RSA offers were accepted by companies for projects in 1997-98. This represented an increase of 12 per cent over the previous year. The most significant change was in the cases where grant offered was less than £25,000 which increased from 31 in the year 1996-97 to 60 in the year to 31 March 1998. This increase was at least partly due to the closure at the end of January 1997 of the Regional Enterprise Grant for Investment scheme which offered an alternative investment grant for companies employing up to 25 people. During 1997-98 the value of offers accepted was £187.7million and this was associated with planned expenditure of £2.8billion, the creation of some 19,530 jobs and the safeguarding of a further 3,310 jobs. These statistics compare favourably with the figures for the previous year, particularly in the increase in the number and percentage of indigenous companies accepting offers of assistance - 152 in 1996-97 rising to 178 in 1997-98.

82. RSA has again proven to be an important element in the attraction of overseas companies to Scotland. During the year, many companies announced plans to establish new facilities, such as TeleTech; ClinTrials Research; MSC Vertriebs GmbH and Tasco. RSA has also been vital in the decision of a number of Scotland's mature inward investors to develop their existing Scottish facilities. Companies which have announced plans for major expansion projects during the past financial year include: Isola Werke in Cumbernauld; and Baker Oil Tools in East Kilbride; Seagate Microelectronics Ltd in Livingston.

83. In December, RSA was instrumental in helping to secure the Cadence Design Systems project, one of the most significant inward investment projects ever attracted to Scotland. Cadence will establish its next generation "System on a Chip" design factory in Livingston, creating almost 1,900 highly skilled jobs, mostly of graduate or post-graduate quality, and positioning Scotland as a world centre for next generation semiconductor research and design. This technology, which is widely regarded as the future of semiconductor research, will see the functions which are currently carried out by printed circuit boards integrated at systems level on a microchip, resulting in yet smaller, faster, cheaper and more powerful electronic products.

Board Membership

84. In December 1997 Mr Duncan MacLeod CBE retired from the Board after serving nine years as a Member followed by nine years as Chairman. The Board wishes to thank him for his outstanding service

to SIDAB in particular and the Scottish economy in general. Mr Ian Good, a SIDAB Member for the past nine years has accepted the role of Chairman. Other changes during the year were the retirements of Mr Colin Halley and Mrs Anne Middleton and the Board wishes to acknowledge their valuable contributions. A warm welcome is extended to three new Members, Mr David Gray, Dr Dominic McKay and Mr John Quigley who accepted appointments at the beginning of the year.

I. GOOD
Chairman

Welsh Industrial Development Advisory Board

Industrial and Economic Background

85. The manufacturing sector in Wales seems to have suffered a difficult year in 1997. Manufacturing output in quarter 3 1997 was 2.3% down on the same period in 1996 which compares with growth of 1.6% for the UK as a whole. Most manufacturing sectors experienced some decline with textile manufacture being the most affected with a fall of 22%. Transport equipment however showed another year of strong growth (+14%).

86. Although output declined, overall employment in manufacturing appears to have remained fairly constant. Again, though, there is significant variation between sectors (for plants employing 11 or more). At one end of the scale, employment in wood/wood products manufacture grew by nearly 14% and the important radio/TV/communications sector increased by 7%. At the other end the coke/petrol refining/nuclear fuel sector saw employment decline by nearly 20%.

87. Despite the apparent fall in productivity caused by employment growing faster than output, Wales remains one of the most competitive regions in the UK. Relatively low unit labour costs mean that Welsh firms are able to compete effectively, particularly in export markets. However, the strength of sterling is causing problems for exporters.

88. Inward investment continues to provide a significant source of employment in Wales. In 1997 over 36% of manufacturing employment was in overseas owned plants. This compares with around 28% in 1990. Historically, the main sources of overseas investment have been the United States of America, Japan and the European Union.

89. Overseas owned companies continue to be attracted to investment in Wales. In addition to providing access to the Single European Market, the combination of a flexible, skilled workforce, good industrial relations, competitive costs, a strong and diverse industrial infrastructure and the support network of agencies, and the incentives designed to attract and assist foreign investors, provide an attractive blend of business-friendly features.

90. Unemployment in Wales fell in the year to February 1998 from 7% to 5.6%, compared with a current UK rate of 4.9%. Some areas of Wales still have male unemployment rates of around 15%. Welsh GDP is forecast to continue to grow at a similar rate to the UK average in the medium term. Manufacturing GDP is expected to be above the UK average. The electronics and motor vehicles sectors are expected to be among the fastest growing industries.

Welsh Development Agency: International Division

91. The Board noted that in 1997-98 the International Division of the Welsh Development Agency recorded 128 projects forecasting 13,842 new and safeguarded jobs with associated capital investment of £695 million. The International Division was involved in securing 100 of these projects offering 13,017 new and safeguarded jobs and capital investment of £602 million. (These forecasts are based on companies' intentions at the time of the decision to invest and take no account of subsequent developments).

92. There were 33 entirely new projects, 83 expansions, 2 joint ventures and 10 acquisitions. The traditional markets of North America (29 projects), Europe (20 projects) and the United Kingdom (60 projects) remained strong. And Asia Pacific and other countries brought 19 projects to Wales, an increase of almost 40% on the previous financial year.

93. Against the background of increasingly strong competition from our more traditional and from new competitors, and in the light of financial uncertainty in the Far East, the results for 1997-98 are a significant achievement. The Board noted that, in the light of the continuing uncertainty in the Far East, the importance of Wales' other key markets would be likely to increase in the short to medium term and that more focused effort would be required to continue Wales' exceptional record of inward investment success.

Welsh Development Agency - Property

94. Within the context of an integrated package of initiatives to create the right physical business infrastructure, the availability of quality sites and premises continues to be an important factor in support of the growth of indigenous Welsh business and Wales' ability to attract new inward investment projects. The level of investment activity in both these sectors continues to take up a substantial amount of the available property and development land with the consequence of emerging shortages of supply in certain areas. The WDA in conjunction with other organisations in both the public and private sectors is addressing means to remedy such supply shortages. During 1997-98 100,000 square metres of business premises were occupied by new or expanding companies. New industrial floorspace totalling 219,674 square metres was created in 1997-98 of which 207,674 square metres (94%) was for bespoke projects.

95. The Agency continued to encourage the private sector to invest in the Welsh property market through joint ventures with developers and financial institutions and by the planned disposal of holdings in its property portfolio to the private sector. During 1997-98 joint venture projects undertaken with the private sector delivered 123,853 square metres of business accommodation.

Regional Assistance

96. During 1997-98, 161 Regional Selective Assistance (RSA) applications were received (compared with 203 in the previous financial year), while 140 offers with a value of over £114 million were accepted by companies in Wales. These projects are forecast to create 12,001 new jobs and safeguard a further 2,596 with planned investment by companies of more than £1.8 billion (there is an element of overlap between projects receiving RSA and those recorded by Welsh Development Agency International Division). Significant projects announced during the year include those by BOS Automotive Products, Cymru Country Chickens and Walbro Automotive in North Wales and, in the South, R F Brookes, Matsushita, TRW/Toyota and Acer Peripherals.

97. As far as the REG scheme is concerned, the Regional Investment Grant (RIG) element was closed at the end of January 1997 following an evaluation which concluded that it did not provide good value for money and that more flexible support was available through RSA; in 1997-98 seven offers of RIG grant (with a total value of £66,000) were made in respect of residual applications. In respect of Regional Innovation Grant applications, 88 were received in-year and 64 offers of assistance (totalling £1.4m) were made. A Welsh Office evaluation of RIN found that it was cost-effective and the Scheme was extended to the whole of Wales from 28 August 1997. There have been a number of product briefings to enterprises and business advisors since then; these have been designed to alert interested parties to the opportunities available under the Scheme. The Welsh Office is also considering ways of raising awareness, particularly among small companies, of the availability of other support, including RSA.

Board Membership

98. During the year the Chairman, Mrs S Drury and Mr M J Reilly were re-appointed, by the Secretary of State for Wales, to serve on the Board for a further three years. Two new members, Mr G Long and Mr J Maddock, were appointed to the Board from 1 March 1998.

K HODGE OBE
Chairman

North East Industrial Development Board

Industry In The Region

99. This year the indicators of the region's economic performance have been uneven and in some respects contradictory. For the most part, businesses continued to operate with quiet optimism with little change in investment intentions. Manufacturing growth remained steady with no significant slow down in domestic demand. In the services sector, business remained strong and seemed to be holding up reasonably well in export markets.

100. Nissan production during 1997 reached record levels with cars exported to over fifty countries. Sales into Europe were particularly strong increasing by 10%. On the other hand, the strength of sterling resulted in poor profitability in the European market.

101. Some companies were more adversely affected by the rise of sterling; an engineering company manufacturing castings indirectly for the Far East reported a significant decline in orders whilst another engineering company reported a hitherto healthy export business to Korea as having dried up completely.

102. Despite the economic difficulties in Korea, both Samsung and LG declared their intentions to continue with existing activities in the region.

103. On Teesside the Central Area Transmission System Terminal, an £80 million North Sea gas processing plant, commenced operations at Seal Sands. ICI continued as the major employer with the biggest capital asset base in the chemical industry but continue with their plan to divest in order to concentrate on core activities. Its fertiliser, methylamines and derivatives businesses were sold to US companies and Tioxide was de-merged and floated as an independent company. The Teesside Chemical Initiative continues to be active in raising the competitiveness of the chemical industry and ensuring the area is proactively promoted as a preferred location for chemical investment in Europe.

104. Fortunes were mixed for the oil and gas sector. Kvaerner Oil and Gas secured a £240 million contract to build a North Sea vessel. After significant job losses, developments of the North Sea Shearwater gas field resulted in 1,300 jobs at Amec being secured until 1999 and a further 200 jobs safeguarded at THC where a 1,050 tonne wellhead module will be built. Aker McNulty on the Tyne was successful in securing additional projects relative to new innovative technology allied to Floating Production Storage and Offloading Vessels (FPSOs), and this enabled the yard to increase employment to over 2,500. Odebrecht SLP on the Tees were also successful in innovative minimum facility projects for Arco and Mobil, securing 300 jobs. Unfortunately, a quarter of Swan Hunter's 3,000 workforce on the Tyne were made redundant after the company failed to secure badly needed orders for the yard.

Inward Investment

105. Nissan announced the introduction of a third model and associated major expansion of its manufacturing facility in Sunderland. We also welcomed news of new investments by Black and Decker (USA), Perlos (Finland) and TRW (USA) to name but a few. Other new investments have come from the USA, South Africa, France and Japan.

106. Major acquisitions have also played their part, with the purchase of elements of ICI's Teesside operations by DuPont, Terra and Air Products being of particular significance. DuPont has invested heavily in its Wilton nylon-intermediates facilities. A BP/BASF joint venture in acetonitrile production was also announced.

107. ADI Corporation of Taiwan was a major newcomer with its decision to locate a monitor manufacturing plant in Cramlington.

108. The volume of inward investment enquiries increased significantly since last year with 418 enquiries handled and 134 visits made to the region by potential investors, representing a 22% increase. These figures should be seen in the context of high activity in 1995/96 with a significant fall the following year. The political and economic difficulties faced by certain Asia-Pacific countries have also impacted on enquiry levels.

Competitiveness Agenda

109. Government Office has been at the forefront of the production of a Regional Competitiveness Strategy, in consultation with regional partners from the private, public and business sectors.

110. Key issues that need to be addressed to raise the competitiveness of the Region include:

- a) addressing the region's poor performance in changing from a culture of employee dependency to one of entrepreneurship;
- b) to increase dramatically the number of business start-ups with the potential for sustainable high growth;
- c) to attract and encourage investment in high value added, knowledge based activities with the potential to reinforce sustainable clusters of excellence;
- d) to provide the framework to attract major capital intensive investment to the region as a vehicle for the economic stimulation for the area as a whole; raising the region's poor performance on educational achievement; promoting the sustainable development agenda across the business community;
- e) encouraging the development of a comprehensive and easily accessed and understood business support network; and
- f) to encourage greater levels of innovation and continuous improvement within North East businesses.

111. The strategy will be published in May 1998 and will inform both the Government's Competitiveness UK White Paper due to be published later in 1998 and the incoming Regional Development Agency's detailed economic plan for the region.

Business Links / TECs

112. The completed network of five Business Links with 25 outlets across the region has been open and operational for over two years. TECs are now directing most of their business support activities through their Business Link, in some cases devolving their management and sub-contracting role.

113. A closer integration of partner services under the Business Link umbrella has resulted in a more cohesive range of business support services across the region. Front end delivery of the DTI's Overseas Trade Services has, in effect, been devolved to the Business Link with the secondment of Government Office North East staff to the Links. Secondees also continue to provide advice and guidance on other DTI support such as RSA.

114. Business Link Tyneside and Sunderland achieved full accreditation during the year and the remaining two Business Links are on course to achieve this within the next financial year.

Innovation & Technology

115. Principle points of activity were as follows:-

- a) North East Technology Support (NETS) - Previously an informal association of key technology support providers in the region which evolved into a formal body. Co-ordinated through the Regional Technology Centre (RTC), this grouping of 24 public and independent bodies provides a common regional interface to businesses, Government Office and Business Links.
- b) Technology support from European Regional Development Fund (ERDF) - NETS partners were the principal players in some 20 ERDF supported regional technology transfer projects. These projects, which run over the period 1995/98 represent an investment of £22 million and attracted ERDF grants totalling £9 million.
- c) Regional Innovation & Technology (RITS) - RITS was developed in conjunction with, and endorsed by, all the regional players including representatives of local industry. The current strategy is date stamped 1997/99 and ties in with the Single Programming Document for EU regional technology transfer funds covering a similar period. EU approval of the RITS was a prerequisite for the release of these funds.
- d) Foresight - Regional networking activity in support of the national programme was continued with the help of funding from the DTI's Innovation Unit. The relative success of this activity resulted in the region being invited to host a national Foresight workshop to share best practice.
- e) Information Society Initiative (ISI) - The regional angle to this national programme was provided via DTI funding to TECs. In the North-East, the five TECs have pooled their £500,000 funding in a joint regional initiative to encourage SMEs to make effective use of information and communications technologies.
- f) SMART - The new DTI scheme providing research and development support for SMEs in England. SMART grants are awarded on a competitive basis to assist with technical and commercial feasibility into innovative technology or, to develop, to preproduction prototype stage, new products or processes that demonstrate significant industrial advances. The new initiative was the result of a cross-Government review of support for business resulting in the amalgamation of SMART, SPUR, SPURplus and the innovation element of the Regional Enterprise Grant. Government Office held two SMART competitions during the year supporting 16 projects with a cumulative investment of approximately £700,000. Five SPUR awards were also made to companies who had completed their projects under the old SMART scheme. This represented an additional investment of £324,000. An award ceremony was held on 31 March 1998, in conjunction with the Innovation Lecture, with awards presented by Carol Vorderman.
- g) Annual Innovation Lecture - The 1998 Lecture, featuring an audience with Richard Branson, was transmitted via a live satellite link from London. It was delivered to a regional audience of 200 people, principally SMEs, at the Newcastle Civic Centre.

116. Operations in this area were strengthened with the arrival of an industrial secondee from the DTI's Innovation Unit.

International Trade

117. Available data (national and local business surveys and anecdotal evidence) from contacts with businesses suggests that although confidence was perhaps higher amongst north-east exporters than the national average during the early part of the year, optimism and export performance declined during the year to the point that the final quarter Business survey recorded the worst regional performance in its seven year history which more closely reflected the national picture.

118. The overwhelming reason given was the strength of sterling throughout the period though this affected some markets more than others. Manufacturers buying raw materials from abroad were able to take advantage of greater purchasing power whilst companies supplying consumer and retail markets in Europe were badly hit. Businesses in sectors such as oil and gas, dealing mainly with currencies such as the Dollar and Yen, experienced less by way of currency fluctuations in contrast to sectors such as chemicals where European prices are generally denominated in Deutschmarks or Deutschmark equivalents.

119. Companies appear to be responding in a number of ways; some trying to retain sales volumes and market share overseas by cutting profits or losing on margins, some by reducing trading overseas and looking increasingly to home markets, and others sourcing more materials overseas to meet overseas contracts - especially in the Far East.

Unemployment

120. In March 1998, unemployment in the North East was 7.9% compared to the national average of 4.9%. Seasonally unadjusted unemployment figures show that the number fell from 97,842 in April 1997 to 88,119 in March 1998, a fall of 10%. The region continued to have long term structural unemployment with profound regional disparities: South Tyneside's unemployment, for example, is two-and-a-half times above the national average at 12.2% compared to Hexham's 3.7%.

Regional Selective Assistance

121. During the year 211 offers of RSA to the value of £18.4 million were made by the Government Office towards fixed costs of £158.8 million. These projects were expected to create 5,096 jobs and safeguard 1,121 others. There has been an 11% decrease in offers made (12% national decline) with a 20% decrease in the value of offers compared to the previous year. The level of fixed investments more than halved from the previous year though 1996/97 should be considered rather exceptional in this regard. The recent year-on-year fall in the number of offers can be partly explained through a decline nationally for RSA as fewer companies actively invest but also greater rigour in appraisal to secure projects for better value-for-money. The average cost per job for the year was £2,955, comfortably within the England and UK national average of £3,565 and £5,379 respectively.

122. In total, the North East Industrial Development Board examined thirteen projects (considerably fewer than in previous years), approving twelve cases involving nearly £64 million cumulative capital expenditure and the creation and safeguarding of nearly 3000 jobs at just over £3,000 per job.

123. One of the major cases looked at by the Board was that of Black & Decker who have reaffirmed their commitment to the region with investment exceeding £18 million thereby safeguarding the site and creating nearly 350 high quality engineering jobs. The region may benefit yet further as the company's programme of global rationalisation continues. ADI represented the biggest inward investor the board considered, ultimately recommending support for the £10 million plus project with over 600 new jobs in Northumberland.

Regional Enterprise Grants (REG)

124. The Regional Enterprise Grant scheme ceased for new applications on 13 September 1996. Investment and innovation grant payments in 1997/98 amounted to £280,000 and £540,000 respectively. Future commitments under the scheme to 2001/02 amount to approximately £720,000.

Board Membership

125. During the year five new members were welcomed to the board: Mr L Aviss, Mr R Howard, Dr A Wright, Mr A D Goldman, and Mr H Morgan-Williams.

126. We said farewell to five members who stood down after long service: Mr E Bostwick, Dr R Iley CBE, Mr D R C Kelly CBE, Mr R A N McKechnie MBE, and Sir Paul Nicholson.

127. We are extremely grateful for their assistance over the years.

C J FLEETWOOD

Chairman

Yorkshire and The Humber and East Midlands Industrial Development Board

Yorkshire and The Humber

General

128. Overall, business maintained a modest confidence throughout the year, although this appeared increasingly fragile in the face of the continuing rise of sterling and uncertainty in Asia Pacific markets. The service sector was generally more buoyant than manufacturing, and this became more apparent as the year progressed, with particularly strong demand for financial and professional services, telecommunications and leisure services. Exporters found Western European markets generally subdued whilst North America was relatively buoyant, and, despite reduced orders, some businesses still remained optimistic about long-term prospects in Asia Pacific. Steel, engineering, chemicals and wool textiles were particularly hard hit by the strength of the pound. Initially many companies were reluctant to lose hard won presence in overseas markets and tried to maintain volumes at the expense of margins. However, this became more difficult as the year progressed and, although in some sectors there was stronger domestic demand to compensate, overall manufacturing output appeared to have flattened by the end of the year. Increasingly firms were reported to be switching production and sourcing more from overseas. Over the year input costs, including wages, were stable or falling while prices were constrained by overseas competition and customer resistance to increases.

129. Capital investment levels held up reasonably well, especially amongst larger manufacturers, although efficiency savings rather than expansion remained the main objective. Smaller firms and those with overseas competitors were more cautious. In the service sector high levels of investment were maintained in key locations, aimed mainly at expanding capacity. Investment in telecommunications infrastructure and IT systems continued to be particularly strong.

130. There was continuing concern about the future of the region's remaining coal industry, with uncertainty about future contracts and the threat from imports and gas. In the construction industry activity improved slowly, particularly in retail and leisure developments, although margins were depressed by fierce competition and tender prices remained weak. Initial modest improvement in the housing market had slowed by the end of the year.

131. The steel industry struggled with weak demand and intense competition throughout the year, with stainless particularly affected by over-capacity and weak overseas markets. Conditions remain very difficult with no early improvement expected. However, demand for engineering steels for the automotive and aerospace sectors improved. In the engineering industry firms supplying the transport, aerospace, machine tools and oil and gas industries reported slightly better conditions than others in the sector.

132. The decline of the textile industry continued, mainly due to foreign competition; in particular knitting yarns, viscose and cheaper clothing were badly affected. However, demand for worsted fabrics, specialist textiles, workwear and commercial and up-market carpets held up. Despite difficulties in the printing sector, a number of firms benefitted from the growth in direct mail, especially from the financial services sector, and paper makers reported strong growth in sales of specialist products.

133. Financial and business services were buoyant, particularly in West Yorkshire. In the retail sector activity remained strong in the major centres while home shopping companies reported modest improvements. The region's tourist industry generally had a good summer, although some traditional attractions saw a downturn.

Unemployment

134. Regional unemployment fell by 23,300 in the year to March 1998 to stand at 135,400, and whilst the rate reduced from 6.6% to 5.7% the gap between Y & H and the national average increased to 0.7%. Wide disparities remain within the region; rates continue to be high in South Yorkshire with Rotherham still in double figures at 10.5%, yet most of North Yorkshire is below 3.4%. Job losses have continued in manufacturing, although firms are reluctant to shed skilled staff. Across the region as a whole skill shortages still do not appear to be a serious problem, although there is some tightening of the labour market - particularly in the service sector. A number of contacts reported increasing difficulty in recruiting and retaining staff, but generally the problem remained one of specific scarcities, such as specialised IT and engineering technicians, rather than absolute shortages of skills in the local labour market.

Government Assistance

135. The Board believes that Regional Selective Assistance (RSA) has played a significant role in securing additional capital investment in the region. During 1997-98 a total of 217 RSA (1996-97 - 208) grant decisions were made, of which 34 (1996-97 - 57) were over £100,000. A total of 141 (1996-97 - 128) grant offers were accepted during the year. Activity was slightly higher than in 1996-97 but the value of offers somewhat less.

136. The value of offers accepted totalled £10.9 million (£12.7 million in 1996-97) with related project costs of £134.9 million (£194.3 million in 1996-97). These projects were expected to lead to the creation or safeguarding of 3,804 jobs. Some 50 per cent of the offers made related to applications for grant of £25,000 and below. The distribution of assistance across the region shows that offers were accepted on 30 projects in the Humber area, 91 projects in South Yorkshire, and 20 projects in West Yorkshire. This pattern emphasises the importance of South Yorkshire within the region as the source of most RSA applications.

137. Monitoring of RSA aided projects showed that 228 project payments were made, with a payment value of £10.4 million; this included 92 successfully completed projects during the year with a payment value of £4.6 million. These projects created or safeguarded 1,345 jobs, slightly higher than the forecast number of 1,327 and a welcome achievement.

138. Monitoring of remaining Regional Enterprise Grants (REG) claims continued and £2.25 million was paid in support of REG aided projects during the year.

Inward Investment and Competitiveness

139. Inward investment continues to play an important part in developing the economic competitiveness of the region.

140. A total of 19 RSA grant offers were made to inward investors, involving investment of £93 million, and the creation/safeguarding of over 2,000 jobs.

141. A number of foreign owned companies, already present in the region, announced expansion plans during the year, with the help of RSA. Laycast Limited is investing £15 million in a new facility at Rotherham to produce grey iron castings (43 jobs).

142. USA owned Parker Hannifin's Filtration Division is relocating to Dewsbury and this project is expected to create 40 new jobs in the manufacture of filtration products. Italian owned Sematic UK Ltd is establishing a facility in the Dearne Valley to increase its production of lift doors and other lift components, thus creating 47 new jobs. This "second generation" investment remains an important source of job creation in the region.

143. This year also saw a number of overseas owned companies investing in the region for the first time, including A & H Meyer, from Germany, who received assistance to establish an electrical systems and components factory at Barnsley.

144. During the year the region attracted 72 inward investments (including acquisitions) which are expected to lead to the creation of around 5,000 new jobs and the safeguarding of over 20,000 existing jobs. This represented a very successful year. The Government Office, and this Board, places a high priority on encouraging inward investment into the Region. We firmly believe that working in partnership with Yorkshire and Humberside Development Agency (YHDA), Local Authorities, Training and Enterprise Councils and English Partnerships represents the way forward in improving the competitiveness of the Region.

145. Continuing the partnership theme, Regional Development Agencies (RDAs) will be the new strategic bodies responsible for establishing the framework to enhance regional economic performance. Preparations for the set-up of an RDA in Yorkshire and the Humber are progressing well and the RDA is expected to be established in early 1999.

East Midlands

General

146. Business confidence has remained positive through the year, though manufacturing has fared less strongly than services. The continuing strength of sterling has had direct effect on many exporters, particularly SMEs. Despite this, the balance of increased orders in both manufacturing and service sectors still outweighs decreases. Home demand has held fairly steady over the year.

147. Since the closure of Asfordby for geological reasons was announced in August 1997, the coal industry employs less than 2,000 in the region. The agricultural community reported a difficult year, suffering from unseasonable weather, the continuing effects of the BSE scare, the need to adopt a range of new European Commission directives and the strong pound.

148. In engineering the outlook is more positive. Rolls-Royce PLC continue to report strong demand: a £100 million order announced in March 1998 is the latest of many secured during the recent past. ABB Daimler-Benz Transportation (UK and Ireland) Limited (AD Tranz), also based at Derby won a number of large orders, and Toyota Motor Manufacturing (UK) Limited successfully launched its new model, produced at its Burnaston facility.

149. The textile sector reported a mixed year with a number of companies in the clothing and footwear industry experiencing difficult trading conditions, but other "niche" market providers continuing to perform well.

150. Although manufacturing generally is considered to be fairly buoyant the main growth throughout the year was in the service sector; in particular finance/banking/credit information, now becoming a feature in the region in locations such as Nottingham (NatWest, Capital One, Experian), Derby (a new Prudential PLC call centre, 2000 jobs) and Leicester (Barclays Bank PLC account handling centre, 900 new jobs).

151. The City of Nottingham in particular continues to experience strong retail growth. It is now the UK's fourth largest retail area (accounting for some 5 million sq ft of gross retail space) after London's Oxford Circus, Glasgow and Manchester.

Unemployment

152. Unemployment in the region has consistently stayed about 0.7% below the national rate. In March 1998 it was 84,000 or 4.3% of the workforce (unadjusted), a decrease of 24,656 over March 1997. Seasonally adjusted unemployment fell from 104,200 (5.4%) in March 1997 to 80,700 (4.2%) in March 1998.

153. Mansfield (7.7% in March 1998), Worksop and Chesterfield consistently feature as the areas of highest unemployment; seasonally Skegness (7.0% in March 1998) and Louth and Mablethorpe also experience high levels of unemployment. Melton Mowbray (1.9% in March 1998) has the lowest rates, followed by Matlock, Stamford and Spalding and Holbeach. Of the counties in the East Midlands, Northamptonshire consistently had the lowest rate of unemployment, prior to Rutland achieving unitary authority status (1.1% unemployment in March 1998).

Government Assistance

154. During 1997-98 a total of 127 RSA grant decisions were made and a total of 92 grant offers were accepted, three fewer than in the previous year. The total value of assistance accepted during the year was £7.7 million (£7.1 million the previous year) against total project costs of £86 million (£69 million). It is expected that 2,483 jobs (3,036) will be created or safeguarded as a result. During the year 75 projects supported by RSA were completed, creating or safeguarding 1,904 jobs.

155. The Regional Enterprise Grant (REG) scheme for Investment was re-launched on 1 January 1997 for SMEs employing less than 25 and based in designated colliery closure areas outside of Assisted Areas (within the East Midlands effectively the City of Nottingham and some surrounding areas). During 1997-98 a total of 33 REG applications were approved. Grant payments on the residual REG programme totalled £578,000 for investment projects and £2.6 million on innovation projects.

Inward Investment and Competitiveness

156. During the year, the East Midlands Development Company (EMDC) handled a total of 282 enquiries. The number of enquiries coming to EMDC direct was 174 with North America remaining the key market in volume terms and Asia Pacific showing a significant increase.

157. The region attracted 16 inward investment projects (22 the previous year) creating more than 1,546 (1,200) jobs and safeguarding 737 (400). Of particular note was the decision by Capital One Bank (a USA based Bank and credit card issuer) to set up its European Headquarters in the City of Nottingham, creating some 900 new jobs.

158. The Regional Supply Office for the East Midlands, managed by EMDC, brought £10.4 million of new business to the region during 1997–98.

Membership of the Board

159. During the year four Board members retired: Mr D K Wilkinson, Chairman, Mr J Clarke, Mr J R Corrin CBE, and Mr A B Wilbraham CBE. Special recognition needs to be made to Mr David Wilkinson who served on the Board for ten years and was Chairman for two years. The Board wishes to thank all the retiring members for their valued contributions as Board members and for their services to the region as a whole. Mr H M Birdwisa, Mrs G Mettyear and Mr J A Hailey were welcomed to the Board in January 1998.

R S LASSETER
Chairman

South West Industrial Development Board

General

160. The South West region as a whole has continued to enjoy relative prosperity and remains one of the United Kingdom's best performing and most rapidly expanding regions. It has higher than average growth in population, GDP and business formation and in its increasing share of the national economy. We are encouraged by forecasts which predict a continuing steady rate of growth but we remain concerned by the disparities in economic performance which persist within the region.

161. In terms of industry, the main industrial sectors are: defence, in which the region has the greatest concentration of defence industries which account for about 33% of South West industrial output (UK = 11%); aerospace and electronic engineering, substantially around the Bristol/South Gloucestershire area; tourism, taking up 10% of the South West workforce and generating £3 billion annually; financial services, in which the South West is the largest region outside London; fishing and agriculture, the latter employing twice the national average and managing 10% of the national beef herd and 30% of the national dairy herd.

162. Although these sectors continue to provide most of the industrial strength of the region, many have gone through difficult times and some will be subject to yet further change. In the defence sector, for example, the 1991 forecast that at least 40,000 defence-dependent jobs would be lost across the region by the year 2000 are proving to be broadly accurate. For many companies in this sector survival has come from successful joint strategies of both cost reduction and the introduction of new civilian products. A particularly helpful development has been the Ministry of Defence's consolidation of procurement at Abbey Wood, Bristol, which has already attracted a cluster of over 25 smallish, high technology contractors. The agricultural sector has continued to suffer from the BSE scare and rationalisation of milk processing but there is, nonetheless, encouraging growth in both dairy and meat based value-added products, together with a growing recognition of the potential in organic food production. In tourism there has been a steady decline in long-stay seaside holidays from which the South West has learned more quickly than most how to focus its leisure and recreational industries into sustainable all year attractions. Cornwall '98, for example, the first ever World Watersports Festival will run from March through to October and Bristol 2000, the National Marine Aquarium in Plymouth and the forthcoming Eden project, will each continue this process and ensure the region derives optimum benefit and that tourism really does work as an economic sector.

163. It is clear that while the South West has endured its share of loss in these traditional sectors there has not been wholesale or sudden upheaval leading to a regional problem of two-generation joblessness that afflicts areas which have lost major industries like coalmining, shipbuilding or steelmaking. In our view the South West is characterised by an overall ability of the old economic order to yield extensively to the new and we are seeing a strong and steadily growing economy based on industries that have both adapted to and generated demand for new products.

164. However, it is also our view that this transitional development is taking place more slowly in Devon and Cornwall where the decline in employment in traditional industries, typified by the recent loss of 300 jobs at English China Clays and 250 jobs at South Crofty, the last tin mine in Cornwall, has been

compounded by the impact of major losses in the former public utilities, banks, insurance and accountancy practices which have deregionalised their structures. This variable performance remains a persistent feature of the South West and not surprisingly is reflected in any number of economic indicators. The South West GDP, for example, is at 96% but this masks some sizeable variations from Cornwall at only 73.6% to Wiltshire at 115%. Disposable income for the South West is at 100.4% but reflects a range where Cornwall is 93.6% and Wiltshire 108.4%. To some extent, this economic disparity is addressed by the Assisted Areas which are mostly placed in Devon and Cornwall and also by the support provided by ERDF Objective 2 and 5(b) which covers all of Cornwall and much of Devon. However, there remains a strong view that yet more needs to be done in order to redress this regional imbalance and this has prompted a vigorous campaign to secure ERDF Objective 1 status for Cornwall. We are encouraged greatly by the support which is now evident for the creation of a Regional Development Agency (RDA) for the South West which will be charged to produce, inter alia, a coherent and sustainable strategy for the whole region.

Inward Investment

165. Maintaining and improving the attractiveness of the region to inward investors and increasing the region's share of overseas investment are priority objectives. We believe that inward investment has a significant role to play in improving the competitiveness of the region and in helping its economic and social regeneration. The region is served currently by the West of England Development Agency (WEDA) covering Wiltshire, Gloucestershire, Somerset, Dorset and the former Avon area and Devon and Cornwall Development International (DCDI). Both contributed significantly in 1997 with DCDI securing 13 projects worth £37 million and creating 700 new jobs and WEDA securing investment of £105 million in ten projects, creating 1,112 new jobs. It is expected that the new RDA will assume overall responsibility for inward investment and we welcome the growing co-operation between the two organisations, in which they are already sharing attendance at trade exhibitions and embarking on joint marketing exercises. The lack of significant strategic sites remains a concern and there are few signs of improvement other than through the limited opportunities offered by Seaton Barracks in Plymouth, Exeter Skypark and Broadmoor Business Park in south-east Cornwall, which remains subject to planning approval.

Employment and Unemployment

166. The South West accounts for nearly 9% of total United Kingdom employment. The proportion has been rising steadily since 1984 and is predicted to rise further over the next ten years. Over 15% are self-employed, the highest percentage in the United Kingdom. The region has the highest recorded number of registered businesses in the United Kingdom after the East, London and the South East.

167. Unemployment in the South West has been falling steadily, from 5.1% in March 1997 to 3.8% in March 1998. However, the current regional average masks some sizeable variations from the lowest level, (Wiltshire at 2.2%), to the highest (Cornwall at 6.7%) and where in some Travel to Work Areas (TTWAs) the rates are amongst the highest in the country.

Government Assistance

168. The Board believes that Regional Selective Assistance (RSA) continues to play a significant role in securing additional capital investment in the region. During 1997-98 a total of 45 grant offers were made during the year, amounting to £7.4 million, with related project costs of £65.6 million. These projects are expected to lead to the creation or safeguarding of nearly 2,000 jobs. Nearly 25% of the offers made related to applications for grant of £25,000 or below. The distribution of assistance across the region shows that offers were made for two projects in Dorset, 23 in Devon and 20 in Cornwall.

169. Monitoring of RSA aided projects showed that 62 project payments were made, with a payment value of £3.93 million, this included 30 successfully completed projects during the year with a payment value of £1.18 million.

Membership of the Board

170. During the year Mr P W Gregory and Mr V Parsons MBE left the Board and the Chairman, Mr P J Tizzard, resigned from the Board owing to a company move away from the region. We wish to record our thanks for their valuable contributions and also our appreciation for the support and contribution received from officials of the Government Office for the South West.

D R HANCOCK
Chairman

West Midlands Industrial Development Board

General

171. Manufacturing industry continues to make a greater contribution to the economy of the West Midlands than to that of any other UK region. The latest available figures suggest that manufacturing accounts for around 30% of the region's GDP, compared with little more than 20% of UK GDP, and 26% of the region's jobs, compared with 18% nationally. The bulk of the region's remaining GDP and employment is provided by the service sector, large areas of which rely heavily on manufacturers. Despite the continuing growth of the region's service sector and the increasing diversity of service activities located here, it remains the case that services account for a significantly smaller portion of economic activity here than in the UK as a whole.

172. The region's manufacturing sector has continued to grow during 1997-98. The February 1998 CBI Regional Trends Survey, for example, estimated that manufacturing employment in the region was 2% up on a year earlier and found that there was a positive trend in both output achieved and expectations of future output levels. This trend does not apply throughout manufacturing as some sectors are faring better than others, while there is also a distinction between those firms which rely on the UK market, where demand is strong, and those which have significant export business, particularly those whose exports go mainly to Western Europe. Sterling has appreciated by 25% or more against many other European currencies since mid-1996 and it appears that exporters were initially able to maintain sales volume by trimming margins. However, sterling's rise has been so sharp and so sustained that in recent months some firms based in the region have failed on grounds of cost to secure important export contracts, while some UK based original equipment manufacturers have warned of a possible switch from UK component suppliers to alternatives based elsewhere in the EU. Against this background it is not surprising that many exporters are not optimistic about their immediate prospects of maintaining current export volumes. Those exporters whose overseas sales are mainly to customers in dollar-based markets are generally more optimistic about their prospects, as sterling has appreciated relatively little against the US\$.

173. The automotive industry remains the region's largest manufacturing sector, with around one in six of the region's manufacturing jobs estimated to be dependent on the car and commercial vehicle sectors. The UK car industry produced more vehicles in 1997 than in any year since the mid-1970s and West Midlands car and component producers shared in this expansion. Much of the additional output is destined for overseas and local firms such as Rover and Land Rover have achieved increased penetration of export markets. Major developments in the industry during the year included the announcement by Rover that it will build the new Mini at Longbridge and the introduction by Land Rover of the Freelander model, while LDV has announced plans to enter into a joint venture with Daewoo to produce a new range of vans.

174. There have been many successes in other industries during 1997-98. GPT, the telecommunications systems manufacturer based in Coventry, won a number of major export orders in Europe and Asia; Brinton have won a £2 million order to supply carpets for two cruise ships owned by the Disney Corporation; GEC Alstom Metro Cammell has benefited from the renewed bout of investment in the railway industry by winning some large contracts to build new rolling stock; while Lucas Aerospace will benefit from its success in securing orders to supply a range of components for three new versions of the Rolls-Royce Trent engines.

175. On the other hand, some industries have been badly affected by the impact of the exchange rate on their overseas sales, while others face restructuring as a result of more long-standing difficulties. The ceramics industry of North Staffordshire, for example, has seen significant job losses over the last year as firms have striven to improve their long term competitiveness.

Unemployment

176. Unemployment in the West Midlands continued to improve in 1997-98 with the seasonally adjusted rate falling from 6.2% (GB 6.2%) in February 1997 to 4.9% (GB 4.8%) in February 1998. This represents a reduction of just over 29,000 claimants in the region during this period, a decline of some 19%; a rate of decline slightly lower than that nationally (21%).

177. Although all parts of the region have seen a decline in unemployment over the past year it remains significantly higher than the national average in certain areas. These areas continue to be concentrated in the West Midlands conurbation, most notably Birmingham TTWA (6.2%), Dudley and Sandwell TTWA (5.6%), Walsall TTWA (6.5%) and Wolverhampton TTWA (6.4%).

178. Whilst unemployment in the region's more rural areas continues to be broadly lower than elsewhere the very low rate of decline (15%) in Oswestry TTWA between February 1997 and February 1998 has led to this rural area having an unemployment rate of 5.0%, which is higher than the national and regional rates. This rate of decline was the second lowest of any area within the West Midlands with only Walsall's unemployment having a slower rate of decline (14%).

179. When the age and duration of unemployment in the West Midlands is examined the West Midlands exhibits two important characteristics:

- a slight over-representation of younger unemployed. In the West Midlands 27.7% of all unemployed were aged under 25 (GB 26.5%); and
- a significantly higher proportion of West Midlands unemployed (16.8%) have been out of work for 2 years or more as compared to nationally (15.2%).

Inward Investment

180. The automotive sector continues to bring the highest level of enquiries and investment, followed by the service sector, particularly call-centres and professional services. In the last year more than £776 million was invested in the region by overseas owned businesses, creating 6,050 jobs and safeguarding a further 10,320. There are now some 1,308 foreign-owned businesses in the West Midlands, employing 179,383 people.

181. North America produced the highest level of projects, representing 31 of the 69 undertaken. Despite the increasing problems caused by what is seen as an overvaluation of the pound against the Deutschmark, Germany was again the second most important investor, with 12 projects. With over 50% of investments being made by businesses already located here, an effective support infrastructure is vital and the West Midlands Development Agency has been prominent in bringing together local partners to share best practice and co-operate on a regional basis.

Regional Selective Assistance

182. For the second consecutive year there has been a significant decline in the number of full RSA applications received. 202 full applications were received during 1997-98, compared with 279 in 1996-97 and 367 in 1995-96. A total of 197 decisions were taken during the year of which 135 led to offers of grant, compared with 188 offers made in 1996-97. With regard to the targets for the number of days taken to reach a decision on full applications, at least 92% of applications in each of the size bands were decided within the target and 95% of the 92 decisions in the £25,000 to less than £100,000 band were given within the target. There is still scope for improvement in the coming year.

183. Total grant offered was £33.2 million, which includes an offer of £22.5 million to Rover Group Ltd. The total associated investment costs were £435.8 million and it is expected that 4,134 jobs will be created and safeguarded as a result.

184. The West Midlands Industrial Development Board (WMIDB) considered a total of six applications from the region and approved grant totalling £5.3 million. A further case from a West Midlands applicant was considered by a Board in another region due to a conflict of interest and a grant of £0.5 million was approved. The amount of grant approved in the region for inward investment projects was £5 million as compared to £7.25 million in 1996-97.

Regional Enterprise Grants for Investment

185. The REG scheme for investment remained open during the year to two designated localities in the West Midlands affected by colliery closures. During the year 13 full applications were received and 8 offers of grant were made, amounting to £99,750.

Membership

186. During the year Mr R J Dickens CBE D.L., stepped down as Chairman of the WMIDB and was replaced by Mr M W Taylor OBE. The year also saw the departure of Mr J T Hill and Mr B M Sedghi. Thanks are due to all three retiring members for their past contributions. Mr G Clements, Mr J Evans, Ms J A Lodge, Mr G J Long and Mr P C Sabapathy OBE joined the Board as new members.

M W TAYLOR OBE

Chairman

North West Industrial Development Board

187. This report covers the current Government Office regions of the North West and Merseyside. The two Offices are to merge during the summer so that they cover the same area as the new Regional Development Agency.

The Economic Situation

188. Business confidence has been generally positive despite concerns about the strength of sterling and skills shortages. The high pound has begun to hit export deliveries as well as the number of new contracts won with adverse effects on suppliers. There has also been an increase in import penetration. Skill shortages have intensified with demand for engineers, CNC machine tool operators, and CAD, electronics, welding and fabrication skills exceeding supply. A recent survey highlighted a number of local areas where literacy and numeracy were below average.

189. Market conditions have proved challenging for some sectors such as glass making and the pools industries. Solid growth has been achieved in others, including the automotive, pharmaceuticals, and ship repair/conversion industries (with future investment likely). The announcement of a firm commitment to the Eurofighter project is of benefit to the important aerospace sector, where on the regional jets side there has been a steady flow of orders world-wide. The chemical industry - one of the largest in the UK - is undergoing considerable restructuring, with an increased drive towards speciality products.

190. In the service sector, home shopping and business services have enjoyed buoyant demand, and a wide range of new retail and leisure developments are in prospect. Major developments proceeding or planned include M & S's biggest ever store in the heart of the June 1996 bomb damaged area in Manchester and a superstore planned by Selfridges at the Trafford Centre.

191. The Manchester Metrolink which carried 13 million passengers last year is to be extended with a new route to Salford Quays and Eccles. Manchester Airport's second runway project was begun and Liverpool Airport is developing plans for terminal expansion to 3 million passengers. The Port of Liverpool has continued to perform at record levels with the Seaforth Freeport - the most successful Freeport in the country - expanding with support from EU Objective 1 and the Single Regeneration Budget. Railtrack has embarked on its major upgrade of the West Coast Mainline and Virgin Trains have announced major orders for new trains (which will significantly reduce journey times from 2002). Concern remains however over the development of linkages to the Channel Tunnel Rail Link.

192. There is a healthy level of reinvestment by existing foreign owned manufacturing firms who account for about 100,000 jobs. A major boost for Merseyside was the decision of Ford to locate the production of the Jaguar X400 ("the baby Jag") at Halewood. This followed a lengthy period of uncertainty about the long term future of the Halewood site and reflected the substantial improvements in quality and efficiency, as well as the considerable collaborative effort put in by the Merseyside public sector partners to support the efforts of local management and the workforce. The investment is expected to attract a major RSA grant which is subject to EU clearance. The Jaguar investment sits very well alongside the opportunity that now exists through the activities of the Speke Garston Development Company which has led to the establishment of two first class business parks in the near vicinity. The level of enquiries for sites on the Estuary Business Park (on the site of the old Liverpool Airport) and the Boulevard Industry Park has been extremely high with three RSA supported projects already underway. In addition to Ford's investment in Halewood, Vauxhall undertook a £300 million investment at Ellesmere Port (again with RSA assistance). Amongst other new projects, Photronics Inc. opened its new multi-million pound hi-tech components manufacturing facility at Trafford Park, and Hitachi are scheduled to set up their Euro-production centre for hi-tech engine control systems at Horwich.

The Labour Market

193. In the combined GO-North West/Merseyside area the number of unemployed claimants fell by 43,900 in the 12 months to February 1998. On an unadjusted basis, unemployment stood at 177,200 or 5.6% at the latter date (the G.B. figure was 5.1%). There were wide variations within the combined regions with Workington (9.7%) and Liverpool (9.6%) contrasting with Windermere (1.7%) and Clitheroe (1.4%). Employment has continued to fall in long established industries, dampening wage demands.

Regional Grants

194. Demand for RSA slowed in the second half of the year in the GO North West region, whilst a high level of applications was maintained throughout the year in the GO Merseyside region (in marked contrast to national trends).

	1997-98	1996-97
Applications	324	381
Offers	234	313
Grant	£23.9 million	£36.9 million
Capital spending	£272 million	£393 million
Jobs created	5,379	5,955
Jobs safeguarded	3,201	5,807

195. RSA continues to provide an important source of funds for the smaller firm. Over 87% of the number of offers were made to businesses employing under 200 people and 44% of offers made were for grants of £25,000 or less.

196. European funds are a significant source of support for the region. The Board has continued to be pleased with the progress being made with implementing the Objective 1 programme. In particular the immediate impact that the Merseyside Special Investment Fund (MSIF) has had in supporting local SMEs, sometimes in conjunction with RSA, has been much welcomed. The other key area has been the investment in Merseyside's infrastructure which now means that the area has the right sort of product - although premises for SMEs is an issue that perhaps needs further attention - to attract investment both indigenous and inward. The Board believes that the continuation of European funding post 2000 is essential if the North West is to build on its achievements of recent years.

Inward Investment

197. During the period, INWARD, the Regional Development Organisation, had a direct involvement in 51 inward investment projects attracting £294 million in capital expenditure and creating/safeguarding 9426 jobs. Of the 51 successes, GO-North West RSA grants played a significant part in five of the successes (capital expenditure £108 million and 4,724 jobs) while a further four attracted RSA grants within Merseyside (capital expenditure £17 million and 267 jobs).

TECs and Business Links

198. The Board welcomes the Government's Vision for an improved Business Link network. The North West TECs and Business Links have continued to develop a responsive and pro-active business support service for the region, recognising and acting upon key issues facing SMEs e.g. raising awareness of the year 2000 issues. The Business Link network was enhanced further, by some restructuring to meet the needs of the localities, including TEC/BL mergers and the opening of new outlets in Cumbria and East Lancashire. The Board particularly welcomes the move of the North West Regional Supply Network to INWARD as a significant response to the need to offer increasing support to inward investors.

Regional Development Agencies

199. The North West Industrial Development Board is committed to working with the RDA and welcomes the decision that it should be business-led, with the emphasis this will therefore place on improving competitiveness in the Region. This should consolidate the excellent work already started by the GO-NW in this vital aspect of improving the standard of living and quality of environment in the North West. The Board believes the Region is well placed to achieve these objectives in a fair allocation of national resources, which is anticipated under the legislation by which the RDAs were created. It looks forward to the forthcoming publication of the revised Regional Competitiveness Strategies, which the GOs have produced in consultation with partners. The Board was particularly pleased to see an increased sectoral focus in work by GOs and partners and the development of an industry led initiative in the chemical sector. The Board also welcomes the development of a Regional Innovation and Technology Action Plan (RITAP) which will provide a strategic framework for a key area of activity.

Membership

200. John Billington, Peter Foden, Alan Manning and David Weir retired from the Board during the year. John served on the Board for a total of seven years, Peter six years, Alan ten years and David nine years. Fellow members join me in thanking them for their valuable contributions during their time in office.

201. Three new members joined the Board during the last year, John Dixon, Dave McCall and Tony Strachan. They are already bringing a fresh perspective to our work.

G N ELLIOTT
Chairman

Eastern Region Industrial Development Board

General

202. The Region has seen continuing growth in the local economy. Business confidence remained firm throughout the year and this has been reflected in improved investment intentions. However, by the end of the year businesses were fearing an early down turn in the economy as they perceived that the UK economy was at the peak of the demand cycle. In addition, whilst for the major part of the year the strength of sterling has not affected order books, in the latter part of the year many businesses were finding it harder to maintain margins and were anticipating a significant drop in export orders.

Sectoral Analysis

203. Manufacturing output continued to rise, led mainly by domestic demand, although profit margins remained tight. A number of companies in the Region reported that they were running at or near capacity and have consequently been recruiting and investing in order to provide extra capacity.

204. There has been significant investment in hi-tech and bio-technology sectors, particularly within Cambridgeshire. The Regional Competitiveness indicators show that the Eastern Region has the highest R&D for manufactured products as a percentage of gross value added in the UK, at 18.3 per cent.

205. Demand in the service sector remained strong, particularly in the leisure industry. There has been some evidence of inflationary pressures within the service sector; hotel room rates have increased by 10% over the past year in some areas. Building Society windfalls have had a perceptible impact in the high street, especially on premium electronics, DIY products, holidays and cars.

206. The construction industry has been buoyant throughout the year but skills shortages have become widespread and in some instances have been holding back further development. Electricity and gas usage have continued to grow in most parts of the Region.

207. Companies in the Region face severe IT skill shortages to assist in dealing with Year 2000 and the introduction of "the Euro" to existing computer systems.

Inward Investment

208. The East of England Investment Agency, which was set up a year ago to attract new and retain existing investment, has been involved with 168 enquiries to date of which 44 currently show potential and 6 have had a successful outcome.

Unemployment

209. Unemployment continued to fall over the past year in the Region. In April 1997, there was a total of 113,130 people unemployed in the Eastern Region. By February 1998, the number of unemployed fell by 20,000 to 93,389. The unemployment rate has been consistently below the UK average. In February 1998 the unemployment rate for Eastern Region was 3.8 per cent compared with 5.2 per cent for the UK. However, there continues to be long standing unemployment problems in the Region's Intermediate Assisted Areas: Clacton (8.0%), Harwich (9.5%), Great Yarmouth (9.7%) and Wisbech (6.8%).

Government Assistance

210. Regional Selective Assistance - During the year 16 offers of RSA were made totalling £535,250. These offers were expected to stimulate an additional investment of £6.3 million and to lead to the creation of 245 new jobs and the safeguarding of a further 15. Approximately 50 per cent of offers were for grants of less than £25,000.

211. During the year covered by this report, the Board held two meetings and considered one case. This concerned an application for a grant of £0.2 million, which was rejected.

Membership Of The Board

212. During the year one member of the Board resigned and five new members were appointed. The appointments of six members are due to expire in December 1998.

213. I would like to record my appreciation for the support and contribution received from all Board members and officials of the Government Office for Eastern Region.

E E ANSTEE
Chairman

London and South East Industrial Development Board

London Region

General

214. A positive economic trend has continued during the course of the year. The service sector is maintaining growth with accountancy, IT and financial services performing particularly well. Manufacturing output at best appears to have remained flat.

215. London's GDP remained at around 15% of the national GDP. Prominent sectors in this contribution were - paper and printing, electrical, optical, machinery, food, beverages, chemicals and fibres.

Unemployment

216. The rate of unemployment in March stood at 5.8% compared to 5% for the UK as a whole. In the three assisted areas in London, the rate is around 8%. Firms across many sectors have been recruiting, but suitable candidates are in short supply particularly for retail jobs, IT sector, construction industry and skilled engineers.

Inward Investment

217. The London First Centre, in conjunction with the Government Office for the South East, has been active in seeking new investment projects for the region. During the year, London First Centre completed 82 inward investment projects (73 new investments into London and 9 expansions/safeguarding of existing operations). As a result of this, it is expected that around 3,000 new jobs will be created. Some of the notable successes were Sitel Corporation, Citipost and Smithkline Beecham Clinical Laboratories.

Government Assistance

218. During the year 33 offers of RSA to the value of £3 million were made towards fixed costs of £30 million. These projects are expected to create 870 new jobs and safeguard 310.

South East Region

General

219. The economy is competitive and strong in relatively new industries. It maintains its relative cost differential by having a highly skilled workforce, advanced industries, locational advantages such as London's amenities and services and the airports, and high levels of innovation and entrepreneurship. Banking, finance and insurance are strongly represented but the sector is now losing jobs due to mergers and new technology. Business services - including software production - is currently the fastest growing sector of the economy and are most concentrated in the Thames Valley. The electrical and electronics industries are restructuring following cutbacks in defence spending but still form a significant industry sector in the region. GDP is well above the average in the UK average in the Thames Valley counties yet is around three quarters of the UK average in the eastern coastal counties.

Unemployment

220. The unemployment rate for Thanet, the South East's sole Development Area, fell from 11.6% to 9.4%. Similar positive improvements occurred in Kent's Intermediate Areas: Sittingbourne and Sheerness down from 8.6% to 6.1%; Dover & Deal down from 7.7% to 6.9%; and Folkestone down from 9.5% to 6.9%. Hastings in East Sussex also saw an improvement from 8.2% to 6.3% and on the Isle of Wight unemployment was down from 10.1% to 8.9%. Unfortunately, these figures are still high in comparison with average figures for the area, the Kent average in March 1998 being 4.8% and for the London and South East Region (excluding Greater London) 3%.

Inward Investment And Regional Development

221. The attraction of inward investment to the region continued to play an important role with a number of new offers being made and some earlier investment intentions coming forward in physical form. As a result of grants already rewarded Pfizer have commenced construction of their new £115 million research centre at Sandwich, which will lead to 1,000 new jobs and PGI have now largely relocated to Manston Park in Thanet as part of their £56 million consolidation and expansion project. The South East

Regional Investment Ltd. was launched on 1 November 1997. This is a key development in promoting these areas to overseas investors.

Government Assistance

223. During the year 65 offers of RSA grants totalling £6.4 million were made to projects with a total capital expenditure of £161 million. These are expected to result in the creation and safeguarding of over 2,000 jobs. Payments of grant to companies as a result of project implementation and job creation totalled £4.2 million for 1997–98.

The Board

224. The Board, which was formed in March 1995, has acted as a forum for discussion on some of the factors affecting competitiveness in London and the South East. These discussions have been found particularly constructive and the outcome has been fed into some of the future strategy programmes for the areas.

225. Alan Willett resigned as Chairman of the Board during the year and we are grateful for his contribution. He was replaced by Ian Herman. Mr T Robson also resigned from the board.

Summary

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

I HERMAN
Chairman

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Sections 11 and 15 of the Industrial Development Act 1982

Section 11

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

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

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

Section 15

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

- (a) under Parts I to III and Sections 13 and 14 of this Act;
- (b) under Section 67(1) of the Town and Country Planning Act 1971 and Section 65(1) of the Town and Country Planning (Scotland) Act 1972 (Industrial Development Certificates);
- (c) under Part III of the Industry Act 1972 (including any functions in respect of guarantees given by him under Section 7 of the Shipbuilding Industry Act 1967);

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

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

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

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

APPENDIX 2

Unemployment Statistics

1997 UNEMPLOYMENT BY AA STATUS
 "(Broad base, see note (a))"

<i>GO Region</i>	<i>Number (000)</i>	<i>Per Cent</i>
North East		
DA	84.5	9.0
IA	5.1	6.4
NAA	5.2	5.7
Total	94.8	8.5
North West (including Merseyside)(c)		
DA	68.4	9.3
IA	45.9	6.3
NAA	81.2	4.8
Total	195.5	6.2
Yorkshire & Humberside		
DA	27.2	9.6
IA	59.1	7.4
NAA	66.7	5.1
Total	153.0	6.4
East Midlands		
DA	4.7	8.6
IA	15.6	6.5
NAA	71.0	4.8
Total	91.3	5.0
West Midlands		
DA	49.2	7.0
IA	58.2	6.3
NAA	37.9	3.9
Total	145.3	5.6
Eastern		
IA	8.3	8.6
NAA	95.3	4.2
Total	103.6	4.3
South East (including London)(c)		
DA	4.9	10.2
IA	33.5	7.2
NAA	371.2	5.1
Total	409.6	5.3
South West		
DA	7.6	8.9
IA	23.8	6.4
NAA	74.6	4.0
Total	106.0	4.5
Wales		
DA	16.3	9.4
IA	44.4	6.4
NAA	19.6	5.5
Total	80.3	6.4
Scotland		
DA	89.1	7.8
IA	27.8	7.9
NAA	42.7	4.4
Total	159.6	6.5
Great Britain		
DA	259.8	8.5
IA	297.9	6.8
NAA	790.8	4.7
Total	1348.5	5.6

Notes

- (a) "Unemployment data is a 12 month average over the calendar year of the claimant count, with 1996 estimates of the total workforce used in calculating the (broad) base.
- (b) DA = Development Area
 IA = Intermediate Area
 NAA = Non Assisted Area
 Assisted Area boundaries are as defined in August 1993. The Government Office regions are used.
- (c) Travel-to-work areas (TTWAs) have been attributed to regions on a best fit basis. It is not possible to split the South East/London and North West/Merseyside accurately.
- (d) Unemployment is for TTWAs incorporating 1991 ward boundaries.

APPENDIX 3

Applications Received, Offers Made, Offers Accepted, and Payments Made: 1 April 1997 to 31 March 1998

Regional Enterprise Grants:

INVESTMENT GRANTS

	<i>Applications:</i>		<i>Offers:</i>				
	<i>Number costs (£000)</i>	<i>Project Accepted Offer</i>	<i>Number Accepted</i>	<i>Offer Value (£000)</i>	<i>Number</i>	<i>Value of Payments</i>	<i>Payments</i>
Great Britain	48	11,178	53	562	53	563	2,354
Scotland	—	—	4	36	9	59	410
Wales	—	—	7	66	5	55	106
England	48	11,178	42	460	39	449	1,838
East Midlands	35	9,370	33	351	28	309	580
Merseyside	—	—	—	—	2	29	186
North East	—	—	1	9	—	—	280
North West	—	—	—	—	—	—	53
South East	—	—	—	—	—	—	23
South West	—	—	—	—	—	—	89
West Midlands	13	1,808	8	100	9	111	211
Yorkshire & Humberside	—	—	—	—	—	—	416

Development Area	18	887	150,781	—	—	—	979	203,350	—	—	—	7,348	143,788
Intermediate Area	32	4,595	—	—	—	—	3,058	—	—	—	—	16,184	—
North West:													
Special Development Area	13	—	—	5,438	—	—	—	82,593	—	—	549,619	7,595	—
Intermediate Area	32	1,213	5,704	58,666	1,399	—	—	159,709	—	—	1,828,509	36,006	—
West Midlands:													
Special Development Area	61	—	—	—	—	—	—	—	—	—	84,247	—	—
Intermediate Area	76	4,136	29,400	—	31,693	757	517	402	4,559	385	845,983	13,758	—
Yorkshire and Humberside:													
Special Development Area	77	—	—	—	92,113	2,149	402	—	5,930	954	81,957	18,114	63,247
Intermediate Area	82	7,512	4,871	—	59,244	1,258	510	—	—	—	967,259	7,773	71,689

(1) Information prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.
(2) Forecast employment figures are based on company forecasts for the project at the time of offer.
(3) Payments made in period shown; includes payments on prior projects for which offer was accepted in an earlier year.

1998

	1998		Cumulative Applications Received 1.4.88 to 31.3.98									
			All Assisted Areas		Development Areas		Intermediate Areas		All Assisted Areas			
	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)		
G.	983	382,563	776	166,155	1,759	548,718	9,659	3,711,971	10,067	1,738,933	19,726	5,450,904
Scotland	256	141,851	21	32,383	277	174,234	2,331	1,408,720	328	184,603	2,659	1,593,323
Wales	40	17,518	121	57,435	161	74,953	1,071	625,894	1,287	454,109	2,358	1,080,003
England	687	223,194	634	76,337	1,321	299,531	6,257	1,677,357	8,452	1,100,221	14,709	2,777,578
East	—	—	24	1,654	24	1,654	—	—	193	17,333	193	17,333
East Midlands	23	2,591	104	9,510	127	12,101	198	45,062	466	46,146	664	91,208
London	—	—	51	5,301	51	5,301	—	—	269	35,272	269	35,272
Merseyside	127	119,929	—	—	127	119,929	1,253	456,270	10	1,087	1,263	457,357
North East	262	31,762	12	2,564	274	34,326	2,658	620,408	281	29,719	2,939	650,127
North West	47	3,804	149	27,075	196	30,879	595	117,967	2,220	250,411	2,815	368,378
South East	26	1,944	44	2,409	70	4,353	126	21,366	275	40,854	401	62,220
South West	15	1,498	30	7,628	45	9,126	328	47,159	601	92,891	929	140,050
West Midlands	94	48,005	108	12,262	202	60,267	545	227,782	2,697	393,087	3,242	620,869
Yorkshire and Humberside	93	13,661	112	7,934	205	21,595	554	141,343	1,440	193,421	1,994	334,764

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TABLE 2 PROJECT GRANTS BY ASSISTED AREA
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1997 TO 31 MARCH 1998
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1988 (1) TO 31 MARCH 1998

Country/ Region	Offers Accepted 1.4.97 to 31.3.98						Cumulative Offers Accepted 1.4.88 to 31.3.98					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (2)		Payments 1.4.97 to 31.3.98 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (2)		Payments 1.4.88 to 31.3.98 (3) (£'000)
				New	Safeguarded					New	Safeguarded	
Great Britain:												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	57,189
Development Area	757	290,870	3,605,450	32,544	9,427	185,264	6,920	2,181,751	18,470,284	241,933	83,912	1,389,763
Intermediate Area	575	175,805	2,811,904	23,488	11,326	82,086	7,325	933,197	11,259,686	170,704	85,017	654,807
Total	1,332	466,675	6,417,354	56,032	20,753	267,350	14,245	3,114,948	29,729,970	412,637	168,929	2,101,759
Scotland:												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	14,263
Development Area	217	185,213	2,813,814	18,943	3,122	71,753	1,851	995,102	8,691,750	100,617	28,647	548,534
Intermediate Area	16	2,857	37,230	607	187	4,749	263	98,115	982,437	12,963	9,943	65,430
Total	233	188,070	2,851,044	19,550	3,309	76,502	2,114	1,093,217	9,674,187	113,580	38,590	628,227
Wales:												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	8,361
Development Area	36	19,771	89,628	1,264	769	41,759	805	431,748	2,222,580	37,684	15,400	291,582
Intermediate Area	104	94,622	1,736,679	10,737	1,827	33,915	1,020	343,101	4,829,180	49,045	22,005	199,708
Total	140	114,393	1,826,307	12,001	2,596	75,674	1,825	774,849	7,051,760	86,729	37,405	499,651
England:												
Special Development Area	—	—	—	—	—	—	—	—	—	—	—	34,565
Development Area	504	85,886	702,008	12,337	5,536	71,752	4,264	754,901	7,555,954	103,632	39,865	549,647
Intermediate Area	455	78,326	1,037,995	12,144	9,312	43,422	6,042	491,981	5,448,069	108,696	53,069	389,669
Total	959	164,212	1,740,003	24,481	14,848	115,174	10,306	1,246,882	13,004,023	212,328	92,934	973,881

(1) Information prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.

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

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

TABLE 3 PROJECT GRANTS BY ASSISTED AREAS IN ENGLISH REGIONS
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1997 TO 31 MARCH 1998
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1988 (1) TO 31 MARCH 1998

Country/ Region	Offers Accepted 1.4.97 to 31.3.98						Cumulative Offers Accepted 1.4.88 to 31.3.98					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (2)		Payments 1.4.97 to 31.3.98 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (2)		Payments 1.4.88 to 31.3.98 (3) (£'000)
				New	Safeguarded					New	Safeguarded	
East:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Intermediate Area	15	456	5,322	203	15	1,972	138	7,944	50,658	1,598	1,389	5,347
East Midlands:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	18	1,986	13,010	335	10	2,830	130	14,143	131,715	3,454	633	11,694
Intermediate Area	75	5,968	74,961	1,395	790	4,490	340	23,053	277,171	5,703	3,932	13,249
London:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Intermediate Area	35	2,750	21,755	862	77	2,502	158	15,675	130,346	3,905	1,657	6,953
Merseyside:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	1,166
Development Area	94	51,020	405,601	3,378	3,813	9,416	686	136,621	1,088,980	14,964	12,455	85,513
Intermediate Area	—	—	—	—	—	—	5	327	2,111	75	5	283
North East:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	33,230
Development Area	194	17,106	135,758	4,618	558	34,289	1,904	325,328	4,253,883	49,522	9,652	263,161
Intermediate Area	9	1,739	21,334	517	443	1,661	212	16,432	173,287	4,084	1,803	20,673
North West:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	129
Development Area	29	2,026	13,025	711	183	3,597	481	75,903	486,629	9,106	6,409	69,640
Intermediate Area	99	22,843	246,860	3,303	5,321	7,365	1,625	114,101	1,267,091	23,370	15,959	85,089
South East:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	18	887	5,370	127	30	815	94	11,525	103,618	1,603	467	4,523
Intermediate Area	32	4,595	150,781	1,567	45	3,430	194	16,610	283,406	4,291	1,820	7,667
South West:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	40
Development Area	13	1,213	5,438	262	23	979	209	24,541	95,527	3,630	491	21,571
Intermediate Area	32	5,704	58,666	1,399	201	3,058	396	56,173	468,231	11,550	2,547	35,064
West Midlands:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	61	4,136	31,693	757	517	15,268	375	82,593	549,619	7,595	7,348	30,296
Intermediate Area	76	29,400	399,072	1,640	1,910	13,014	2,020	159,709	1,828,509	36,006	16,184	143,655
Yorkshire and Humberside:												
Special												
Development Area	—	—	—	—	—	—	—	—	—	—	—	—
Development Area	77	7,512	92,113	2,149	402	4,559	385	84,247	845,983	13,758	2,410	63,247
Intermediate Area	82	4,871	59,244	1,258	510	5,930	954	81,957	967,259	18,114	7,773	71,689

(1) Information prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.

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

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

TABLE 4 PROJECT GRANTS — EMPLOYMENT
CUMULATIVE OFFERS ACCEPTED 1 APRIL 1988 TO 31 MARCH 1998
PAYMENTS AND EMPLOYMENT CREATED OR SAFEGUARDED 1 APRIL 1988 TO 31 MARCH 1998

Country/Region	Offers Accepted 1.4.88 to 31.3.96			Offers Accepted 1.4.88 to 31.3.96 where some payment made up to 31.3.98				
	No.	Value (£'000)	Forecast (1) Employment	No.	Value (£'000)	Forecast (1) Employment	Total Payments to 31.3.98 (£'000)	Employment created and safeguarded to 31.3.98
Great Britain	11,375	2,225,981	432,034	9,848	1,980,772	374,530	1,529,426	316,949
Scotland	1,674	753,234	112,335	1,420	668,625	96,411	485,633	79,520
Wales	1,505	554,551	92,846	1,215	490,043	80,928	372,881	65,991
England	8,196	918,196	226,853	7,213	822,104	197,191	670,912	171,438
East	90	4,295	1,771	81	4,022	1,674	3,661	1,686
East Midlands	277	22,070	9,141	231	18,110	7,523	16,131	6,776
London	91	8,848	3,152	71	6,804	2,490	5,264	2,062
Merseyside	513	79,168	18,470	444	65,208	15,565	56,204	13,305
North East	1,674	281,564	48,781	1,484	261,703	43,892	210,027	36,112
North West	1,784	151,800	41,495	1,617	137,295	36,366	116,862	34,219
South East	153	11,040	2,937	136	9,702	2,637	7,605	2,125
South West	522	65,263	14,405	459	57,489	12,469	44,497	10,504
West Midlands	2,074	155,307	53,414	1,778	133,708	45,502	105,840	40,775
Yorkshire and Humberside	1,018	138,841	33,287	912	128,063	29,073	104,821	23,874

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

TABLE 5 PROJECT GRANTS(1) IN GREAT BRITAIN BY TYPE OF INDUSTRY
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1988 (1) TO 31 MARCH 1998

Standard Industrial Classification (SIC) 1992		Cumulative Offers Accepted 1.4.88 to 31.3.98					Payments 1.4.88 to 31.3.98 (3) (£'000)
Class/Description		No.	Value (£'000)	Associated Project Costs (£'000)	Forecast (2) Employment		
					New	Safeguarded	
01-05	Agriculture, hunting, forestry and fishing	37	3,861	55,262	508	582	1,128
10-14	Mining & Quarrying	42	6,160	52,965	840	137	3,460
15-37	Manufacturing:						
15-16	Food, beverages & tobacco	874	211,184	1,456,383	31,090	12,646	158,383
17-19	Textiles, clothing, leather & footwear	1,059	110,595	772,098	23,399	11,037	91,077
20-22	Wood, paper, printing & publishing	1,387	161,294	1,520,122	21,371	9,817	143,167
23-25	Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	1,516	328,980	3,441,969	39,569	19,775	264,779
26	Non-metallic mineral products	416	62,752	681,404	8,684	5,297	49,286
27-28	Metals & fabricated metal products	2,747	252,097	2,063,581	40,315	20,932	190,200
29	Machinery & equipment nes	1,303	218,056	1,695,894	28,651	17,410	151,726
30-33	Electrical & optical equipment	1,404	947,259	11,474,377	100,845	27,034	546,086
34-35	Transport equipment	619	452,828	3,881,259	37,903	33,063	281,979
36-37	Other manufacturing	729	65,367	459,087	13,891	3,390	47,453
40-41	Electricity, gas & water supply	11	1,603	8,722	244	130	1,140
45	Construction	249	12,409	109,803	3,733	634	8,020
50-52	Wholesale & retail trade, repairs	595	57,039	526,776	12,662	2,193	40,648
55	Hotels & restaurants	35	3,768	23,820	924	257	1,953
60-64	Transport, storage & communication	162	24,497	197,994	7,388	1,073	15,419
65-67	Financial intermediation	59	84,735	579,402	19,178	1,223	33,104
70-74	Real estate, renting & business activities	777	68,267	439,118	15,723	1,731	40,006
75-99	Other Services	224	42,197	289,934	5,719	568	32,744
Total		14,245	3,114,948	29,729,970	412,637	168,929	2,101,759

(1) Information on closed schemes and on Project Grants prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.

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

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

TABLE 6 PROJECT GRANTS BY COUNTRY
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1994-95 TO 1997-98

Region	Financial year of application, acceptance or payment	Applications			Offers Accepted (1)			Forecast (2)		Payments (3) (£'000)
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Employment			
							New	Safeguarded		
Great Britain:	1994-95	2,094	579,150	1,604	309,644	2,813,503	41,826	17,739	247,087	
	1995-96	2,307	672,201	1,771	308,506	3,683,696	40,915	18,526	236,951	
	1996-97	1,981	727,049	1,539	422,298	3,822,538	47,892	24,858	217,452	
	1997-98	1,759	548,718	1,332	466,675	6,417,354	56,032	20,753	267,350	
Scotland:	1994-95	307	152,567	246	113,183	1,196,877	12,278	3,911	77,018	
	1995-96	256	233,315	207	93,503	806,208	9,141	3,494	70,085	
	1996-97	256	220,779	207	151,914	945,656	12,686	4,290	72,344	
	1997-98	277	174,234	233	188,070	2,851,044	19,550	3,309	76,502	
Wales:	1994-95	178	55,359	173	38,230	261,506	4,330	2,186	56,950	
	1995-96	218	92,849	177	59,054	563,879	6,569	3,469	54,189	
	1996-97	203	163,326	181	105,905	1,102,889	11,043	5,651	47,846	
	1997-98	161	74,953	140	114,393	1,826,307	12,001	2,596	75,674	
England:	1994-95	1,609	371,224	1,185	158,231	1,355,120	25,218	11,642	113,119	
	1995-96	1,833	346,037	1,387	155,949	2,313,609	25,205	11,563	112,677	
	1996-97	1,522	342,944	1,151	164,479	1,773,993	24,163	14,917	97,262	
	1997-98	1,321	299,531	959	164,212	1,740,003	24,481	14,848	115,174	

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

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

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

TABLE 7 PROJECT GRANTS IN ENGLISH REGIONS
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1994-95 TO 1997-98

Region	Financial year of application, acceptance or payment	Applications			Offers Accepted (1)			Forecast (2)		Payments (3) (£'000)
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Employment			
							New	Safeguarded		
East:	1994-95	48	2,868	35	2,782	18,115	439	668	383	
	1995-96	54	2,634	45	1,273	7,774	247	356	1,782	
	1996-97	40	5,593	33	3,195	17,837	650	348	1,177	
	1997-98	24	1,654	15	457	5,322	203	15	1,972	
East Midlands:	1994-95	69	13,761	51	5,547	53,229	1,182	817	3,109	
	1995-96	101	10,866	87	7,962	86,328	1,514	1,852	3,053	
	1996-97	126	14,468	100	7,173	69,550	1,789	262	5,980	
	1997-98	127	12,101	93	7,954	87,971	1,730	800	7,319	
London:	1994-95	42	4,942	32	2,396	20,215	920	58	353	
	1995-96	85	13,283	54	6,335	48,129	1,370	765	1,389	
	1996-97	73	9,276	32	4,077	39,511	719	752	2,628	
	1997-98	51	5,301	35	2,750	21,755	862	77	2,502	
Merseyside:	1994-95	126	36,252	97	13,396	105,124	1,838	1,673	14,382	
	1995-96	109	18,975	83	14,420	124,218	2,655	465	12,385	
	1996-97	148	69,029	84	6,760	61,803	928	910	6,977	
	1997-98	127	119,929	94	51,020	405,601	3,378	3,813	9,416	
North East:	1994-95	321	51,307	237	37,148	297,826	5,900	935	34,958	
	1995-96	414	156,014	335	56,276	1,358,061	6,606	2,178	43,937	
	1996-97	288	35,344	239	41,352	686,150	7,678	2,466	22,700	
	1997-98	274	34,326	203	18,845	157,092	5,135	1,001	35,948	
North West:	1994-95	261	33,825	223	25,355	223,004	4,401	2,485	18,126	
	1995-96	293	33,655	211	16,965	203,508	3,208	1,753	10,904	
	1996-97	241	47,754	194	13,335	149,079	2,932	899	14,813	
	1997-98	196	30,879	128	24,869	259,885	4,014	5,504	10,963	
South East:	1994-95	63	15,028	39	3,116	27,899	557	53	743	
	1995-96	144	25,794	96	7,446	61,573	1,618	553	3,696	
	1996-97	91	12,874	85	11,613	137,169	1,903	1,572	3,512	
	1997-98	70	4,353	50	5,482	156,151	1,694	75	4,246	
South West:	1994-95	104	27,581	89	14,287	87,809	2,166	914	8,238	
	1995-96	63	9,960	48	10,577	85,096	2,096	332	6,733	
	1996-97	49	11,311	38	8,533	66,929	1,247	681	6,913	
	1997-98	45	9,126	45	6,917	64,104	1,661	224	4,037	
West Midlands:	1994-95	355	144,983	248	31,677	283,514	4,780	2,890	13,741	
	1995-96	353	34,086	286	23,905	226,943	3,877	2,683	13,130	
	1996-97	276	107,881	184	53,460	329,051	3,618	5,277	23,905	
	1997-98	202	60,267	137	33,536	430,765	2,397	2,427	28,282	
Yorkshire & Humberside:	1994-95	220	40,677	134	22,527	238,385	3,035	1,149	19,086	
	1995-96	217	40,770	142	10,790	111,979	2,014	626	15,668	
	1996-97	190	29,414	162	14,981	216,914	2,699	1,750	8,657	
	1997-98	205	21,595	159	12,382	151,357	3,407	912	10,490	

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

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

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

TABLE 8 PROJECT GRANTS BY UK AND FOREIGN OWNED COMPANIES
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1997 TO 31 MARCH 1998
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1988 TO 31 MARCH 1998

Country/ Region	Offers Accepted 1.4.97 to 31.3.98						Cumulative Offers Accepted 1.4.88 to 31.3.98					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (1)		Payments 1.4.97 to 31.3.98 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment (1)		Payments 1.4.88 to 31.3.98(2) (£'000)
				New	Safeguarded					New	Safeguarded	
Great Britain:												
UK Owned	1,177	155,829	1,225,080	30,975	8,285	125,054	12,913	1,500,327	11,507,608	265,713	96,665	1,095,246
Foreign Owned	155	310,846	5,192,274	25,057	12,468	142,296	1,332	1,614,621	18,222,362	146,924	72,264	1,006,513
Total	1,332	466,675	6,417,354	56,032	20,753	267,350	14,245	3,114,948	29,729,970	412,637	168,929	2,101,759
Scotland:												
UK Owned	177	71,500	442,803	10,881	1,380	31,176	1,676	455,051	2,949,059	57,778	24,032	279,688
Foreign Owned	56	116,570	2,408,241	8,669	1,929	45,326	438	638,166	6,725,128	55,802	14,558	348,539
Total	233	188,070	2,851,044	19,550	3,309	76,502	2,114	1,093,217	9,674,187	113,580	38,590	628,227
Wales:												
UK Owned	108	18,448	126,249	3,227	923	22,840	1,498	337,744	2,153,909	49,877	15,903	230,250
Foreign Owned	32	95,945	1,700,058	8,774	1,673	52,834	327	437,105	4,897,851	36,852	21,502	269,401
Total	140	114,393	1,826,307	12,001	2,596	75,674	1,825	774,849	7,051,760	86,729	37,405	499,651
England:												
UK Owned	892	65,881	656,028	16,867	5,982	71,038	9,739	707,532	6,404,640	158,058	56,730	585,308
Foreign Owned	67	98,331	1,083,975	7,614	8,866	44,136	567	539,350	6,599,383	54,270	36,204	388,573
Total	959	164,212	1,740,003	24,481	14,848	115,174	10,306	1,246,882	13,004,023	212,328	92,934	973,881
East:												
UK Owned	15	457	5,322	203	15	1,972	138	7,945	50,658	1,598	1,389	5,347
Foreign Owned	—	—	—	—	—	—	—	—	—	—	—	—
East Midlands:												
UK Owned	88	7,312	82,257	1,608	753	6,948	450	31,664	345,402	8,127	4,064	20,093
Foreign Owned	5	642	5,714	122	47	370	20	5,532	63,484	1,030	501	4,850
London:												
UK Owned	34	2,704	21,271	858	43	2,152	153	12,269	96,702	3,531	776	5,735
Foreign Owned	1	46	484	4	34	350	5	3,406	33,644	374	881	1,219
Merseyside:												
UK Owned	91	10,270	109,123	2,295	1,378	6,753	642	68,082	539,024	10,942	7,533	52,943
Foreign Owned	3	40,750	296,478	1,083	2,435	2,662	49	68,866	552,066	4,097	4,927	34,020
North East:												
UK Owned	193	13,000	106,425	3,479	575	22,279	1,983	168,641	1,538,265	36,023	7,206	146,060
Foreign Owned	10	5,845	50,667	1,656	426	13,670	133	173,119	2,888,906	17,583	4,249	171,003
North West:												
UK Owned	115	9,194	95,177	2,495	1,283	8,223	2,028	122,681	1,033,892	27,036	12,485	105,035
Foreign Owned	13	15,675	164,708	1,519	4,221	2,741	78	67,323	719,828	5,440	9,883	49,822
South East:												
UK Owned	48	2,386	23,713	666	75	3,470	281	19,260	178,492	4,081	1,941	11,168
Foreign Owned	2	3,095	132,438	1,028	0	776	7	8,875	208,532	1,813	346	1,022
South West:												
UK Owned	38	4,467	43,800	1,140	89	2,365	554	42,462	265,735	8,813	1,638	34,194
Foreign Owned	7	2,450	20,304	521	135	1,672	51	38,252	298,023	6,367	1,400	22,482
West Midlands:												
UK Owned	126	6,986	65,652	1,337	992	9,038	2,248	107,392	1,062,117	31,207	11,654	102,713
Foreign Owned	11	26,550	365,113	1,060	1,435	19,244	147	134,910	1,316,011	12,394	11,878	71,239
Yorkshire and Humberside:												
UK Owned	144	9,105	103,288	2,786	779	7,838	1,262	127,136	1,294,353	26,700	8,044	102,020
Foreign Owned	15	3,278	48,069	621	133	2,651	77	39,067	518,889	5,172	2,139	32,916

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

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

TABLE 9 CLOSED SCHEMES
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1988(1) TO 31 MARCH 1998

Country/Region	Old Criteria Grants (2)			OSIS Grants (3)			Training Grants (4)		
	Cumulative Offers		Payments	Cumulative Offers		Payments	Cumulative Offers		Payments
	No.	Value (£'000)	(£'000)	No.	(£'000)	Value (£'000)	No.	Value (£'000)	(£'000)
Great Britain	1	50	1,479	—	—	1,410	—	—	6,527
Scotland	—	—	1,099	—	—	68	—	—	6,026
Wales	—	—	—	—	—	1,034	—	—	190
England	1	50	380	—	—	308	—	—	311
East Midlands	—	—	—	—	—	20	—	—	—
North East	1	50	380	—	—	6	—	—	261
North West	—	—	—	—	—	152	—	—	—
South West	—	—	—	—	—	122	—	—	—
West Midlands	—	—	—	—	—	—	—	—	50
Yorkshire and Humberside	—	—	—	—	—	8	—	—	—

- (1) Information prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.
(2) Includes Interest Relief and Removal Grants. Closed to new applications from July 1979.
(3) OSIS = Office and Service Industries Scheme. Closed to new applications from November 1984.
(4) Closed to new applications from December 1988.

TABLE 10 PAYMENTS MADE BY FINANCIAL YEAR FROM 1988-89(1) FOR GREAT BRITAIN

Financial Year	Project Grants	Old Criteria Grants (2)	Training Grants	OSIS Grants (3)	Total
1988-89	176,167	1,449	1,988	1,343	180,947
1989-90	173,476	—	2,998	67	176,541
1990-91	185,945	—	1,366	—	187,311
1991-92	192,934	—	96	—	193,030
1992-93	189,049	—	80	—	189,129
1993-94	215,348	30	—	—	215,378
1994-95	247,087	—	—	—	247,087
1995-96	236,951	—	—	—	236,951
1996-97	217,452	—	—	—	217,452
1997-98	267,350	—	—	—	267,350

- (1) Information prior to 1988-89 can be obtained from earlier Annual Reports of the Industrial Development Act.
(2) Includes Interest Relief and Removal Grants.
(3) OSIS = Office and Service Industries Scheme.

TABLE 11 APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 1997 TO 31 MARCH 1998
CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 1988 TO 31 MARCH 1998

Country/Region	Applications Rejected and Withdrawn 1.4.97 to 31.3.98			Cumulative Applications Rejected and Withdrawn 1.4.88 to 31.3.98		
	DA	IA	Total	DA	IA	Total
Great Britain	211	152	363	2,259	2,364	4,623
Scotland	29	1	30	337	54	391
Wales	2	13	15	230	203	433
England	180	138	318	1,692	2,107	3,799
East	—	6	6	—	48	48
East Midlands	5	20	25	61	103	164
London	—	18	18	—	64	64
Merseyside	43	—	43	464	7	471
North East	64	4	68	677	80	757
North West	12	38	50	84	483	567
South East	4	11	15	17	44	61
South West	5	2	7	117	204	321
West Midlands	32	30	62	129	654	783
Yorkshire and Humberside	15	9	24	143	420	563

DA = Development Area.
IA = Intermediate Area.

APPENDIX 5

Financial Assistance under Section 13 of the Industrial Development Act 1982

TABLE IMPROVEMENT OF BASIC SERVICES IN THE ASSISTED AREAS

Department	Service	Applications					Applications Approved		
		Brought Forward from 1996-97	Received in 1997-98	Rejected	Withdrawn	Under Consideration	Number	Estimated Cost (a) (£'000)	Estimated Grant (a) (£'000)
Department of the Environment	Sewerage	4	1	1	nil	3	1	152	45
	Water	1	1	nil	nil	2	nil	nil	nil
	Water and Sewerage	17	1	nil	nil	14	4	1,406	422
Department of Transport	Roads	8	4	2	nil	3	7	3,915	1,083
Scottish Office Development Dept	Roads	2	nil	nil	nil	nil	2	424	127
Environment Department	Sewerage	nil	nil	nil	nil	nil	nil	nil	nil
Welsh Office	Roads	5	2	1	1	2	3	3,376	501
	Water	8	nil	nil	nil	8	nil	nil	nil
	Sewerage	2	nil	1	nil	nil	1	450	131
Department of Trade and Industry	Electricity	nil	nil	nil	nil	nil	nil	nil	nil
Total		47	9	5	1	32	18	9,723	2,309

(a) These figures represent the position at 31 March 1998 for those applications approved during the year.

APPENDIX 6

RSA cases under section 8 of the Industrial Development Act 1982

APPLICATIONS RECEIVED IN TRANSITIONAL AREAS*

OFFERS ACCEPTED AND PAYMENTS MADE FOR THE PERIOD 1 AUGUST 1993 TO 31 MARCH 1998

Country/Region	Applications		Offers Accepted		Associated Project Costs (£'000)	Forecast Employment		Payments 1.8.93 to 31.3.98 (£'000)
	No.	Value (£'000)	No.	Value (£'000)		New	Safeguarded	
Great Britain	301	77,617	141	22,176	182,321	3,231	1,761	14,081
Scotland	—	—	—	—	—	—	—	—
Wales	92	39,865	39	13,043	88,338	1,328	1,134	8,747
England	209	37,752	102	9,133	93,983	1,903	627	5,334
East	—	—	—	—	—	—	—	—
East Midlands	34	17,579	12	1,628	16,381	339	98	867
London	—	—	—	—	—	—	—	—
Merseyside	—	—	—	—	—	—	—	—
North East	8	1,343	4	88	715	20	0	65
North West	90	7,061	45	2,213	25,949	607	200	987
South East	—	—	—	—	—	—	—	—
South West	7	1,066	2	200	851	46	0	175
West Midlands	34	5,042	16	1,982	21,477	307	286	1,147
Yorkshire and Humberside	36	5,661	23	3,022	28,610	584	43	2,093

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

APPENDIX 7

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

During the year some changes were made to the membership of some of the Boards. The names below represent the position at 31 March 1998.

Industrial Development Advisory Board

Chairman

Sir Anthony Cleaver
Chairman, AEA Technology

Members

Mr M R Bates
Chairman, Pearl Group Plc
Mr M Bullock
Director, Barclays Capital
Dr R Hawley
Chief Executive (retired), British Energy Plc
Miss R Hedley-Miller
Group Director, Dresdener Kleinworth Benson
Mr G Horsfield
Director, Price Waterhouse
Mr R Laphorne
Executive Vice-Chairman, British Aerospace Plc
Mr N Macdonald
Senior Partner, Ernst & Young
Mr A N Pedder
Director Technology, (retired), ICI Plc
Mr R Brown
Director, Unilever

Scottish Industrial Development Advisory Board

Chairman

Mr I J G Good CBE
Chairman, Robertson & Baxter Ltd

Members

Mr I P Bankier
Director, Burn Stewart Distillers Ltd
Mr D R Campbell
Director, Enterprise Ayrshire
Mr J Lumsden CBE
Director, Motherwell Bridge Group
Mrs C McAteer
Regional Officer, Manufacturing Science & Finance Union
Mrs M Seymour
Director, Garonil Ltd
Mr P Timms MBE
Director, Flexible Technology Ltd
Professor J S MacLeod
Partner, Ernst & Young
Professor J Murray
Director, Stirling University Innovation Park Ltd
Mr D M Gray
Caledonian Paper Plc
Mr J Quigley
Regional Officer, Amalgamated Engineering & Electrical Union
Dr D McKay
Managing Director, Kinloch Electronics Ltd

Welsh Industrial Development Advisory Board

Chairman

Mr K Hodge OBE
Retired Corporate Director, Barclays Bank Plc

Members

Mrs S Drury
Director, Kemitron Plc
Mr D G Edwards
Managing Director, Alcan Rolled Products UK
Mr P R Marshall OBE
Senior Partner, Broomfield & Alexander Chartered Accountants
Mrs P M Phillips MBE
Retired Divisional Officer, South Wales and South West Division USDAW
Mr M J Reilly OBE
President, Calsonic International (Europe) Ltd
Mr G Long
International Development Director, Allevard
Mr J Maddock
Managing Director, Simbec Research Ltd

North East Industrial Development Board

Chairman

Mr C J Fleetwood
Group Chief Executive, Whessoe Plc

Members

Mr K Tipping
Managing Director, Komatsu UK Ltd
Mr M Stephenson
Managing Director, Helena Laboratories UK Ltd
Mr M Leonard
Retired Partner, Deloitte & Touche
Mr R H Maudsley
Director, Rolls Royce Group
Mr C Thompson
Group Managing Director, Express Engineering (Thompson) Ltd
Mr J Ward OBE
Non Executive Director, Northumbria Water Group
Miss S Wilson
Chief Executive, The Newcastle Initiative
Mr L Aviss
Human Resource Director, Siemens Microelectronics Limited
Mr R Howard
Regional Secretary, Trades Union Congress
Dr A Wright
Vice Chancellor & Chief Executive, University of Sunderland
Mr A D Goldman
Retired Chairman, The Sage Group Plc
Mr H Morgan-Williams
Chairman & Financial Director, Canford Audio Plc

West Midlands Industrial Development Board

Chairman

Mr M W Taylor OBE

Director, Megila Ltd

Members

Mr J Avery

Divisional Manager, Midlands Electricity Plc

Mr J L Bloxham

Chairman & Managing Director, Cincinnati Milacron UK Ltd

Mr G J Green

Managing Director, W Canning Plc

Mr J W G Hunt

Regional Secretary, TGWU

Mr J L Hudson

Non-Executive Chairman, Birmingham International Airport Company

Mr J H Millett

Company Financial Controller, Rover Group Ltd

Mr T A Pickup

Managing Director, Fujitsu Fulcrum Telecommunications Europe Ltd

Mr M J Price CBE

Director, Wirax Wirewares Ltd

Mr R Small

Managing Director, TRW Automotive Systems Ltd

Mr G Clements

Group Managing Director, Ishida Europe Ltd

Mr J Evans

Managing Director, Lemforder UK Ltd

Ms J A Lodge

Partner in charge of Midlands audit practice with Deloitte & Touche

Mr G J Long

Head of Credit & Risk, Midland Bank Plc

Mr P C Sabapathy OBE

Chief Executive of North Birmingham Community Health NHS Trust

North West Industrial Development Board

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Chartered Accountant

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Mr A C Pilkington

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Mr A Ruia

Director, Wrengate Ltd

Mr J C Dixon

Chairman, Penthouse Carpets Ltd

Mr D McCall

Regional Secretary, T & G Workers Union

Mr A J Strachan

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Consultant

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Agent, Bristol Branch, Bank of England

Mr D J Hider

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Director & Chief Executive, Engineering Employers Western Assoc.

Mr S G A Loze

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Managing Director, John Heathcote & Co Ltd

Mr J B Knowles

Managing Director, Dek Printing Machines Ltd

Mrs N M Lamond

Director of Finance, Falmouth College of Arts

Mr T Smallwood, OBE

Chairman, First Bus plc

Dr R Brown

Technical & Quality Director at English China Clays International

Mr I Lowe

Head of Business for Rolls Royce Aero Engines Ltd

Yorkshire and Humberside and East Midlands Industrial Development Board

Chairman

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Mr H M Birdwisa

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Director, Havelock Seafoods Ltd

Mr A J Stradling

Director, (retired) Tunstall Group Plc

Eastern Industrial Development Board

Chairman

Mr E E Anstee

Finance Director, The Energy Group Plc

Members

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Chief Executive, The Welding Institute

Mr D Burall

Chairman, Burall Ltd

Mr D Connolly

Managing Director, DFDS Ltd

Mr J Tweddle

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Mr D Evans
Director of Operations, Bard Ltd
Mr N Gibson
Regional Director, Lloyds Bank Plc
Dr D Hodgins
Consultant, Sensors & Systems
Mr D Priest
Managing Director, Woods of Colchester Ltd

London and South East Industrial Development Board

Chairman
Mr I Herman
Chairman, The Absolute Magazine Company

Members
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Mr E F C Donaldson
Senior Partner, KPMG Peat Marwick
Ms P Edwards
Independent Consultant, Wells Associates
Mr A Goddard
Corporate/DY Director, Barclays Bank
Miss A Gardner
Accountant/Consultant, Binder Hamlyn
Mr S Iles
Banker, Agent for South East, Bank of England
Mr A Paul
Joint Chairman, Caparo Group Ltd
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