

Industrial Development Act 1982

Annual Report

by the Secretary of State for Trade and
Industry, the First Minister of the Scottish
Parliament, and the First Minister of the
National Assembly for Wales
for the year ended 31 March 2001

LONDON: THE STATIONERY OFFICE

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the First Minister of the Scottish Parliament,
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for the year ended 31 March 2001

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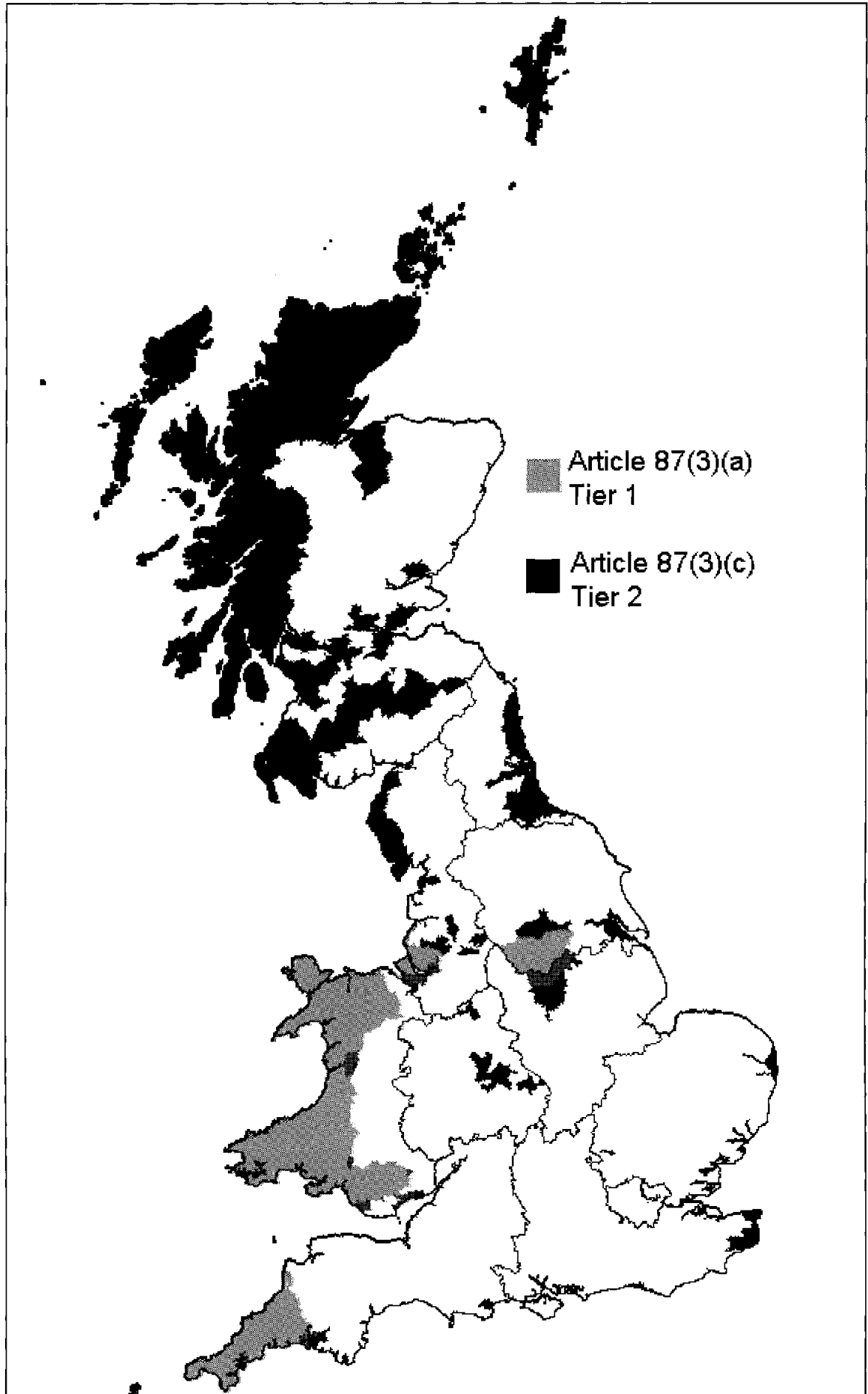
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ABBREVIATIONS

BVMA	Business Volunteer Mentoring Association
CBI	Confederation of British Industry
CFIs	Community Finance Initiatives
CITB	Construction Industry Training Board
DA	Development Area
DCMS	Department for Culture, Media and Sport
DTI	Department of Trade and Industry
EC	European Commission
ECSC	European Coal and Steel Community
EGS	Enterprise Grant Scheme
ERDF	European Regional Development Fund
ERGS	Exchange Risk Guarantee Scheme
EeIA	East of England Investment Agency
EU	European Union
GDP	Gross Domestic Product
GO	Government Office
GVA	Gross Value Added
HEIs	Higher Education Institutions
IA	Intermediate Area
ICT	Information and Communication Technology
IDAB	Industrial Development Advisory Board
IDB	Industrial Development Board
ILO	International Labour Organisation
LCS	Learning & Skills Council
LIBOR	London Inter Bank Offered Rate
NFEA	National Federation of Enterprise Agencies
NVQ	National Vocational Qualification
NWDA	North West Development Agency
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
RDA	Regional Development Agency
REG	Regional Enterprise Grant Scheme
RES	Regional Economic Strategy
RIDB	Regional Industrial Development Board
RIG	Regional Investment Grant
RSA	Regional Selective Assistance Scheme
SBS	Small Business Service
SifE	Scottish Institute for Enterprise
SIF	Shipbuilding Intervention Fund
SMART	Small Firms Merit Award for Research and Technology
SMEs	Small and Medium Sized Enterprises
SPUR	Support for Projects Under Research
TEC	Training and Enterprise Council
TTWA	Travel to Work Area
UK HTF	UK High Technology Fund
URBAN	European Regional Development Fund Community Programme for Inner City Areas
WDA	Welsh Development Agency
White Paper	White Paper on Enterprise, Skills and Innovation 'Opportunity for All in a World of Change', (CM 5052) published in February 2001.

The Assisted Areas 2000/2006



Industrial Development Act 1982

Joint Report by the Secretary of State for Trade and Industry, the First Minister of the Scottish Parliament and the First Minister of the National Assembly for Wales.

Introduction

1. As required by sections 11 and 15 of the Industrial Development Act 1982, this Report for the year ended 31 March 2001 describes the exercise of powers under the Act, including the powers under past legislation which the Act consolidated. Sections 11 and 15 of the Act are reproduced at **Appendix 1**.

2. As a result of the devolution legislation (the Scotland Act 1998, the Government of Wales Act 1998 and SI 1999/672), from 1 July 1999 some powers under the Act have been exercised in Scotland by the First Minister of the Scottish Parliament, in Wales by the First Minister of the National Assembly for Wales and, concurrently throughout the UK, by the Secretary of State for Trade and Industry.

3. In July 2000, the European Commission approved the UK's Assisted Areas map (see page vi) for the period 2000/2006. The Assisted Areas are those areas where regional state aid may be granted under Community law. Regional Selective Assistance (RSA) is the main form of such aid in Great Britain (see "Assistance Under Section 7"). For the first time, four areas of Britain qualify for Tier 1 assistance: Cornwall, Merseyside, South Yorkshire, and West Wales and the Valleys. Tier 1 areas can qualify for the highest levels of assistance, up to 35%. This is in addition to these areas' Objective 1 status for European Structural Funds. Companies in Tier 2 areas can apply for grant assistance for investment with ceilings ranging from 10% to 20%. New areas include parts of Brighton, Luton, North Staffordshire, Manchester, Lancaster and the Scottish Borders.

Assistance Under Section 7

Regional Selective Assistance Scheme

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

5. All Regional Selective Assistance (RSA) applications are assessed against the following criteria:

- (a) **Location** - Projects must be undertaken in the Assisted Areas;
- (b) **Need** - Applicants must demonstrate that a grant is necessary to enable the project to proceed;
- (c) **Eligible investment** - The project must involve capital expenditure of more than £500,000 on fixed assets, such as property, plant and machinery. Expenditure can relate to expansion, modernising or the establishment of a new company;
- (d) **Jobs** - The project must create or safeguard jobs. But projects which are likely to create overcapacity, or which simply displace jobs elsewhere in the UK, or aim to relocate jobs from one part of the country to another, are not eligible for assistance;
- (e) **Viability** - Businesses and projects should be viable; and the project will normally be expected to become profitable within three years;
- (f) **Quality** - Following the Competitiveness White Paper (CM 4176) published in December 1998, the Government announced in August 2000 that RSA was being refocused more on high-quality knowledge-based projects providing skilled jobs. Four key factors are used to determine the quality of projects: wage levels, sustainable employment, R&D, and training;

- (g) **National and Regional benefit** - All projects should contribute positive benefits to both the regional and national economies;
- (h) **Prior commitments** - Project appraisal must have been completed and a formal offer of assistance issued, before the applicant enters into a commitment to proceed with the project; and
- (i) **Other funding** - The greater part of funding for the project should be met by the applicant or come from other sources in the private sector.

6. The powers to provide RSA in England are exercised by the Secretary of State for Trade and Industry. In Scotland and Wales, the First Minister of the Scottish Parliament and the First Minister of the National Assembly for Wales exercise the powers.

7. As outlined in the White Paper on Enterprise, Skills and Innovation, 'Opportunity for All in a World of Change' (CM 5052) published in February 2001, RSA procedures are being streamlined to fit better applicants own planning.

8. Set out below are brief details of RSA applications received and offers accepted during 2000/2001. Offers may relate to applications received in previous years.

	Applications		Offers accepted	
	No.	Value £	No.	Value £
England	269	350,853,000	304	205,255,000
Scotland	76	77,144,000	116	104,750,000
Wales	200	160,055,000	152	97,602,000
Great Britain	545	588,052,000	572	407,607,000

Further details are at **Appendix 2**.

9. Details of offers of RSA against which first payments were made during the year to 31 March 2001, were published in Labour Market trends in April, July and October 2000. Publication was limited to offers of £75,000 or more.

Invest for Growth Scheme (Scotland)

10. The Invest for Growth Scheme was launched in Scotland in July 2000. This streamlined Scheme operates within the same legislative framework as, and complements, mainstream RSA. It addresses the needs of smaller businesses by providing easier and less costly access to grant assistance, with a simpler application process and faster turnaround times when grant is £100,000 or less. Between its launch and 31 March 2001, 136 applications were received. Further details are at **Appendix 3**.

Assistance Under Section 8

11. Assistance to regional industrial development continued to be given under a number of measures during the year.

Transitional Arrangements for RSA Cases in Areas which lost Assisted Area Status in 1993

12. RSA support under section 7 is only available in the Assisted Areas. When the revised Assisted Areas map was announced in 1993, some areas lost their status, which impacted on the existing offers of RSA grants and those applications under active consideration. Given that no further payments were legally possible under section 7 of the Act, it was announced that payments of grants affected by the loss of Assisted Area status would be honoured under section 8 instead. This arrangement runs until March 2002, when projects affected would have been completed. Cumulative expenditure from 1 August 1993 to 31 March 2001 was £15.7 million.

13. Similar transitional arrangements were not needed following the expiry of the Assisted Areas map on 31 December 1999.

Enterprise Grant Scheme

14. The Enterprise Grant Scheme (EGS) in England began on 1 January 2000. It is a simplified discretionary Scheme for SMEs in the Assisted Areas ('Tier 1' and 'Tier 2') and in specified non-assisted areas ('Tier 3'), referred to collectively as Enterprise Grant Areas.

15. The Scheme replaces small-scale RSA grants in England up to a maximum of £75,000 on projects with capital investment up to a maximum of £500,000. Small firms may receive up to 15% gross grant on capital investment; medium sized firms may receive up to 7.5% gross grant in Tier 3 areas and up to 15% in Tiers 1 and 2. Enterprise Grants are once-and-for-all and are intended to complement the availability of commercial funds under the Enterprise Fund, which provides risk capital to SMEs with growth potential.

16. Enterprise Grants have the following objectives:

- (a) to develop and increase the SME base of Tiers 1, 2 and 3;
- (b) to improve the productivity and profitability of assisted firms; and
- (c) to improve the general skills level of the regional economy.

17. The Scheme is administered by the Government Offices (GOs) in each English region, with an annual budget allocated centrally by DTI. The GOs seek advice from the Regional Development Agencies (RDAs) towards prioritising projects, and are responsible for providing additional scheme criteria that reflect local needs. In addition, the GOs decide the basis on which grants are awarded, e.g. competition, first come first served.

18. All applications for Enterprise Grants are assessed against the following criteria:

- (a) **Quality** – In general, high growth businesses seeking to maximise value added projects with quality output are given preference. It is not essential for a project to create jobs in order to qualify for the grant. Specific quality targeting is subject to regional variation. Factors that may be taken into account are:
 - supply chain improvements;
 - R&D;
 - training;
 - salary levels;
 - innovation;
 - environmental sustainability; and
 - National and Regional benefit (projects are considered against the RDAs' priorities).
- (b) **Proof of need** – The applicant must demonstrate that the assistance is necessary for the project to go ahead on the basis proposed;
- (c) **Viability** – Businesses should be viable and projects should have good prospects of becoming self-sustaining;
- (d) **Job displacement** – Projects which are likely to create over-capacity and displace jobs elsewhere may not qualify for a grant, e.g. retail, hotel and other service sector projects which serve only local need; and
- (e) **Public sector contribution** – The greater part of the cost of a project should be met by the applicant, or from other sources outside the public sector.

19. Some sectors are the subject of restrictions imposed by the European Commission, e.g. synthetic fibres, vehicles, food production, agriculture, fisheries, shipbuilding, coal, iron and steel.

20. Grant is given to support investment in fixed capital up to £500,000 relating to:

- equipment, plant and machinery;
- some associated one-off costs such as the acquisition of patents; and
- associated land, site preparation and buildings.

21. Replacement capital investment is excluded and working capital also does not qualify for support. Grants are usually paid in instalments related to the progress of the project and may be repayable if objectives are not met.

22. The total amount accepted in England during 2000/2001 was £15.2 million. Further details are available at **Appendix 3**.

Regional Enterprise Grants

Regional Innovation Grants

23. In England, the Regional Enterprise Grant (REG) Innovation Scheme was merged with the SMART, SPUR, and SPUR Plus Schemes, to form a new SMART Scheme, with effect from 1 April 1997.

24. 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.)

25. 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 discrete Scheme and was extended to the whole of Wales from 28 August 1997.

26. Payments continue to be made in England because of offers made prior to 1 April 1997. Details, along with expenditure in Wales, are given in the following table.

Table 1

Country/Region	Payments made in 2000/2001 (resulting from offers made before Scheme closed, except for Wales, where Scheme continues)
	£
Scotland	0
Wales	1,537,399
East	0
East Midlands	0
London	0
North East	0
North West	0
South East	0
South West	13,000
West Midlands	0
Yorkshire and the Humber	11,000
Total	1,561,399

Regional Investment Grants

27. Regional Investment Grants (RIG) in Scotland and Wales closed on 31 January 1997 and merged with RSA.

28. In England, RIG was suspended on 13 September 1996. It was then integrated into the RSA Scheme on 1 April 1997, with continuing provision for those coal closure areas which were outside the Assisted Areas in the East and West Midlands. The Scheme offered fixed grants to smaller firms proposing new capital investment. The total expenditure in 2000/2001 was £110,500.

Enterprise Fund

29. The Enterprise Fund was established following the publication of the Competitiveness White Paper (CM 4176) in December 1998, to ensure that entrepreneurs have access to appropriate forms of finance. The £180 million fund was created to provide both debt and equity finance to UK SMEs with growth potential. The budget will provide flexible support for innovative proposals from the finance industry that meet particular SME financing needs. The main elements of assistance are:

Small Firms Loan Guarantee Scheme

30. The Scheme offers guarantees on loans to small firms with viable business proposals, which 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.

31. Loans over periods of between 2 and 10 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 2 years or more at the time of application, the DTI provides an 85% guarantee on loans of up to £250,000. For other businesses, including start-ups, the guarantee is 70% on loans of up to £100,000. In return for the guarantee, the borrower pays a premium to the DTI. For loans with a fixed rate of interest the premium is 0.5% a year on the outstanding loan amount, while for loans with a variable rate of interest the premium is 1.5%.

32. 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 DTI, thus speeding up the lending decision.

33. Since the start of the Scheme in June 1981, 75,719 loans valued at £2.95 billion have been guaranteed. The following tables give a breakdown of guarantees issued since 1981 and in the financial year 2000/2001.

Table 2

Guarantees Issued from Inception in June 1981 to 31 March 2001 by Country/Region.

<i>Country/Region</i>	<i>Number</i>	<i>Value (£)</i>
Scotland	5,533	259,034,000
Wales	3,812	124,122,000
East Midlands and East	9,493	350,953,000
London and South East	23,497	895,048,000
North East	3,244	103,003,000
North West	7,450	255,480,000
South West	9,605	319,451,000
West Midlands	6,624	407,610,000
Yorkshire and the Humber	5,750	197,453,000
Northern Ireland	711	37,127,000
Total	75,719	2,949,281,000

Table 3

Guarantees Issued from 1 April 2000 to 31 March 2001 by Country/Region.

<i>Country/Region</i>	<i>Number</i>	<i>Value (£)</i>
Scotland	621	36,377,000
Wales	243	10,436,000
East Midlands and East	863	47,694,000
London and South East	801	51,295,000
North East	151	7,013,000
North West	396	21,188,000
South West	475	24,521,000
West Midlands	406	20,274,000
Yorkshire and the Humber	320	18,252,000
Northern Ireland	36	3,412,000
Total	4,312	240,462,000

UK High Technology Fund

34. The UK High Technology Fund (UK HTF), supports early stage, high technology businesses, by encouraging institutions to invest venture capital and to increase the amount of finance available for investment in technology-based businesses. The UK HTF was launched in November 1999. It has raised £126.1 million, and has started making investments in those venture capital funds that are specialist in investing in early-stage, technology-focused companies.

Regional Venture Capital Funds

35. The new Regional Venture Capital Funds specialise in the provision of small scale equity to firms with growth potential. As at 31 March 2001, the Fund was awaiting State Aid clearance from the European Commission.

The British Film Commission

36. 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 UK studios, locations, post-production facilities and creative and technical personnel. In addition, it helps to co-ordinate the work of other national, area and local commissions, so as to help make available a comprehensive information service to producers enquiring about locations, facilities etc.

37. Responsibility for the Commission was assumed by the Department for Culture, Media and Sport (DCMS) from the DTI with effect from 1 May 1992. The British Film Commission became part of the new Film Council on 1 April 2000, although it retained its own identity and operating style. The DCMS provided the British Film Commission with £1 million of funding for 2000/2001 and agreed to do the same for 2001/2002.

38. During the calendar year 2000, the British Film Commission saw inward investment of film and television production exceed £539 million, a record for the UK, up 33% on 1999 and 822% on 1992 levels. High profile productions during the year included Harry Potter and the Philosopher's Stone for Warner Bros; Tomb Raider, the film version of the world-wide international best selling computer game for Paramount Pictures; and the biggest budgeted television production ever undertaken, Band of Brothers, for producers Steven Spielberg and Tom Hanks for Home Box Office.

Shipbuilding Intervention Fund

39. Aid to shipbuilding within the European Union (EU) is regulated by the EU Shipbuilding Regulation. Under the Regulation, operating aid, paid in the UK through the Shipbuilding Intervention Fund (SIF), expired on 31 December 2000, i.e. no offers could be made for contracts between shipyards and owners signed after that date. The Regulation is permissive and Member States were allowed to provide support up to the ceiling set by the Commission. For the year 2000 this was set at 9% of new building costs for ships with a contract value of Euros 10 million or more, and 4.5% for new builds costing less than that amount and for conversions. The UK offered support up to those maximum permitted levels for new building contracts and up to a ceiling of 2.25% for conversions (grants were not available for ships costing less than £1 million).

40. During 2000/2001, grants of £4 million were paid and further offers were made to secure orders for 37 ships. Total grants awarded from the inception of the SIF in February 1977 to 31 March 2001, amounted to £563 million and orders totalled 477 ships. (During the period 1 January 2001 to 31 March 2001, the DTI continued to process residual applications where contracts between shipyards and owners had been signed before 1 January 2001.)

Exchange Risk Guarantee Scheme

41. The Exchange Risk Guarantee Scheme (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 the Assisted Areas and Northern Ireland, to take advantage of attractive foreign currency loans available from the European Investment Bank and the European Coal and Steel Community (ECSC). 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.

42. Since 1985, ERGS cover had 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 UK financial intermediaries and the European Commission.

43. The Scheme closed for new applications for loans on 28 March 1997. As at the 31 March 2000, ECSC loans totalling £1.1 billion had attracted exchange risk cover. Its cumulative losses amounted to £278 million at 31 March 2000. All loans will be repaid before 31 December 2001, but ERGS liabilities ended in March 2000.

Phoenix Fund

44. The Phoenix Fund was established to encourage entrepreneurship in disadvantaged areas and within disadvantaged groups. Disadvantaged areas and groups often experience a shortage of jobs, relevant services and enterprise. By encouraging entrepreneurship, the initiative helps to overcome these and to promote social inclusion.

45. The Phoenix Fund currently comprises:

- the Business Volunteer Mentoring Association (see Assistance Under Section 11);
- a Development Fund (see Assistance Under Section 11); and
- a Challenge Fund and Loan Guarantees (Community Finance Initiatives).

Community Finance Initiatives

46. Only the Community Finance Initiatives (CFIs) have section 8 as their statutory basis. The aim of this programme is to increase the availability of business finance to SMEs within disadvantaged communities and groups, through CFIs. The Loan Guarantee element is available to CFIs throughout the UK, while all other elements of the Phoenix Fund relate only to England. The devolved administrations in Scotland, Wales and Northern Ireland have received separate allocations of the Phoenix Fund budget, for appropriate programmes in those countries.

47. Funding for CFIs is made available on the basis of competitive bidding rounds. A first round of bidding during the year 2000/2001 identified 16 organisations suitable for support at this time, with total funding of those organisations amounting to £6 million. Support periods range between 1 and 4 years. At 31 March 2001, funding recipients had received only 'in principle' offers of support, subject to satisfactory completion of legal documentation.

UK Coal Operating Aid Scheme

48. The UK Coal Operating Aid Scheme was announced on 17 April 2000, to assist UK coal production units with a viable future without aid through a difficult transitional period, arising from the low world coal price in 1999/2000 and the restructuring of the UK energy markets. The Scheme was approved by the European Commission under the terms of the European Coal and Steel Community (ECSC) Treaty and the Coal State Aid Code and expires with the Treaty on 23 July 2002. Under the Industrial Development Act 1982, Parliamentary approval is required for payments in excess of £10 million to individual companies. Approval was given by Parliament on 22 November 2000 by affirmative resolution, allowing sums exceeding £10 million to be paid to each of Hatfield Coal Company Ltd, Mining (Scotland) Ltd and RJB Mining plc, in respect of qualifying production units in their ownership.

49. In the period 1 April 2000 to 31 March 2001, a total of £76.6 million was paid out to 7 qualifying production units who applied for aid under the Scheme, after approval of each application by the Commission. These were:

Table 4

<i>Company</i>	<i>Value (£)</i>
Mining (Scotland) Ltd's Longannet Deep Mine	17,500,000
Blenkinsopp	500,000
Hatfield Coal Company Ltd's Hatfield Colliery	3,900,000
RJB Harworth	14,700,000
RJB Maltby	13,600,000
RJB Rossington	3,200,000
RJB Selby	23,200,000
Total	76,600,000

50. Longannet received payment in December 2000, the other 6 in February 2001. These payments were made to cover operating losses incurred in the first tranche period of the Scheme (17 April 2000 to 31 December 2000). Commission approval was received for the final 9 applications in respect of the first tranche. These were:

Table 5

<i>Company</i>	<i>Value (£)</i>
Betws Anthracite Ltd	900,000
Celtic Energy Ltd	3,000,000
Ffynonau Duon Mines Ltd	100,000
HJ Banks & Company Ltd (Central Surface Mines)	700,000
HJ Banks & Company Ltd (North East Surface Mines)	700,000
J Flack & Sons Ltd	80,000
Moorside Mining Company Ltd	80,000
Tower Colliery Ltd	3,600,000
Ward Brothers Mining Ltd	1,300,000
Total	10,460,000

51. The first quarter of the second tranche period (1 January to 31 December 2001) of the Scheme, also lies in the financial year 2000/2001. 7 applications for this period had been received and 4 had been notified to the European Commission by 31 March 2001. The deadline for applications for the second tranche is 31 December 2001, so expenditure on account of the period 1 January to 31 March 2001 cannot be fully determined until early 2002.

Assistance Under Section 11

Small Business Service

52. The Agency formally came into being on 3 April 2000 and was set up to:

- provide a strong voice for small business at the heart of Government;
- to improve the quality and coherence of support for small businesses; and
- to help small firms on regulation.

53. The Small Business Service (SBS) offers help to a wide range of customers, from those wishing to become self-employed or start up their own business, to existing employers with up to 250 staff. It acts as a one-stop shop providing people with easy access to the range of services directed primarily towards small businesses. The SBS also has responsibility for the Business Link network to ensure the best support for small firms. The new Business Link network will help the SBS achieve its mission to build an enterprise society, in which small firms of all kinds thrive and achieve their potential.

54. The SBS provides information or advice, or access to experts, on just about everything needed to run a business, including business planning, finance, management, exporting, quality, employment issues, training and development, innovation, design, regulation, ICT and e-commerce. It also runs national services to help small firms e.g. Small Firms Loan Guarantee Scheme (see Assistance Under Section 8), and SMART grants for technology transfer and on management best practice. All these services are available via the SBS National Contact Centre: 0845 600 9006, a comprehensive network of business support organisations, initiatives and information from the public, private and voluntary sectors. The Contact Centre makes extensive use of internet and call-centre technology. It is accessible directly or via local or sectoral organisations such as trade associations.

55. To find out more about the SBS and Business Links, visit the website on www.businesslink.org

Business Improvement Services

56. The SBS Business Services Directorate provides, through a number of business intermediaries such as Business Link operators, a range of activities designed to help small businesses define and improve their competitiveness, by learning about and adopting best practice in key management topics and the use of technology in areas such as e-commerce. These best practise activities are designed to stimulate the small business, by helping them to identify and address their specific weaknesses and provide help in taking the 'next steps' either through networking, benchmarking or visiting exemplar companies.

57. The three centrally administered core services are:

- (a) **Connect** – a series of best practice awareness programmes available on interactive CD-ROMs, covering a wide range of business functions from business excellence, people management to customer service, supply chain management and e-commerce. www.connectbestpractice.com
- (b) **Benchmark Index** – a facilitated benchmarking service designed to offer small businesses the opportunity to compare themselves against others in key areas such as finance and operations, business excellence, marketing and manufacturing etc. www.benchmarkindex.com
- (c) **Inside UK Enterprise** – a business-to-business company visiting programme, offering a choice of over 200 hosts, each experienced in implementing and operating one or more aspects of best practice. www.iuke.co.uk

Business Links

58. In the run-up to the launch of the new Business Links network on 1 April 2001, existing Business Links continued to provide quality advice and support to small businesses. Over 133,000 small businesses and individuals used these services from October 2000 to December 2000.

59. Business Link Operators for the new network were selected through a rigorous bidding process, with strong small business representation on regional and national assessment panels. Successful bidders included partnerships of new and existing stakeholders, as well as three new operators. The network has been streamlined from 81 to 45 Business Links. To support the Business Link network, 9 Regional Managers and their teams have been recruited.

60. The plans and contracts of Business Links have been developed based on a common 'Brokerage Model', aimed at focusing resources on front line customer service and making best use of the expertise of all local stakeholders. The Gateway contact centre has been developed as a national point of contact for small businesses. The Gateway has been designed to provide a cohesive national framework, and ensure maximum economy of scale in service provision and in obtaining management information.

National Federation of Enterprise Agencies

61. The National Federation of Enterprise Agencies (NFEA) was set up in 1993 to provide an independent voice for Local Enterprise Agencies, and to initiate national frameworks and standards for its members in the provision of services to pre-start, start-up and growing micro-businesses.

62. A grant of £8,000 for the financial year 2000/2001 was made by the DTI, as pump-prime funding for the NFEA. This was used to promote the NFEAs Conference in September 2000 and generate income. The NFEA website is: www.nfea.com

Business Connect Wales

63. Following the National Assembly for Wales (Transfer of Function) Order 1999 (SI 1999/672), the duty under section 11 of the Industrial Development Act 1982 to prepare a report on the use of powers in section 11, now means that Business Connect Wales is included in a separate report prepared by the National Assembly for Wales.

The Expert Help Programme: Scotland

64. 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. On 1 October 1998, responsibility for delivering the Expert Help Programme was transferred to Scottish Enterprise and Highlands and Islands Enterprise. Along with this transfer, the name of the Programme changed to Expert Help II.

Phoenix Fund

65. This entry relates to the Development Fund and the Business Volunteer Mentoring Association (BVMA) elements of the Phoenix Fund. A general description of the Phoenix Fund can be found earlier in this Report (see Assistance Under Section 8).

Development Fund

66. The Development Fund, which operates in England only, is designed to encourage innovative ideas to promote and support enterprise in disadvantaged areas and amongst groups of people currently under-represented in terms of business ownership. Its purpose is to encourage experimentation, the evaluation of new ideas and the identification and spread of best practice in an area where there is currently little knowledge.

67. During the year to 31 March 2001, the first bidding round for the Fund was held. Of the 253 applications received, 50 were successful at a total cost of £15 million spread over the financial years 2000/2001 to 2003/2004. An announcement about successful applications was made in February 2001. £1,352,689 was committed and £487,043 claimed and paid from the Fund for the period of this report. A regional breakdown of commitments and payments is shown below:

Table 6

Region	Amount committed for year to 31 March 2001 (£)	Amount paid in year to 31 March 2001 ¹ (£)
East	35,736	50,918
East Midlands	23,011	41,598
London	113,650	86,792
North East	186,513	55,000
North West	10,899	89,878
South East	79,693	32,543
South West	52,186	0
West Midlands	293,933	92,314
Yorkshire & the Humber	297,241	38,000
National Projects ²	259,825	0
Total	1,352,689	483,043

Business Volunteer Mentoring Association

68. The Business Volunteer Mentoring Association (BVMA) is a network of volunteer mentors to pre and early start-up businesses. £854,000 was provided for the BVMA Initiative aimed at providing mentoring support to pre and early start-up businesses from a force of volunteer mentors.

Assistance Under Section 13

Improvement of Basic Services

69. Section 13 provides grant where adequate provision has not been made for the needs of any Assisted Area in respect of a basic service. Basic service means the provision of facilities for transport (whether by road, rail, water or air) or of power, lighting, heating, water, sewerage, sewerage disposal, or any service or facility on which the development of the area in question and in particular of industrial undertakings therein, depends.

70. During the year, 9 applications were received and 25 were brought forward from 1999/2000, for grant towards improvement of basic services in the Assisted Areas. At 31 March 2001, grants totalling £2.6 million had been approved towards 12 schemes (a further 2 had been approved in principal, and 2 approved in previous years but the full grant had not been requested by the Local Authorities concerned), with estimated costs of £11.5 million. Further details are at **Appendix 4**.

¹ Includes advance payments, paid on request, of up to 10% of total project costs. As a result, in some cases, payments made in the period of the report exceed the amount committed i.e. actually incurred on activity during the period.

² Projects operating in more than one region.

Assistance Under Part III Of The Industry Act 1972

The Home Shipbuilding Credit Guarantee Scheme

71. The Home Shipbuilding Credit Guarantee Scheme guarantees loans provided by commercial banks for the building, completion or alteration of ships, and mobile offshore installations. It allows banks to provide shipowners with loans at a fixed rate of 7.5% over 8½ years, or Commercial Interest Reference Rates for individual borrowing beyond 8½ years to 12 years. Loans may be made in US dollars and Euros as well as pounds sterling, or a combination of these currencies. Guarantees can be made in support of floating rate loans with interest charged at the London Inter Bank Offered Rate (LIBOR). The Scheme is based on OECD understanding and is subject to review in the light of the 1994 OECD Shipbuilding Agreement.

72. In the year to 31 March 2001 payments of interest equalisation from the banks totalled £0.8 million net (previous year, £1.6 million from the banks). These were made to the DTI under the authority of the Industry Act 1975 (section 25).

73. The Statement of Guarantees for the year to 31 March 2001 is as follows (2000 figures in brackets):

Table 7

	Number of Guarantees	Amount of Principal Guaranteed (£)
Guarantees offered in year 2000/2001 ³	4 (3)	16,532,000 (10,750,000)
Repayments in year 2000/2001 ⁴	7 (30)	25,853,000 (82,146,000)
Guarantees current on 31 March 2001 ⁵	57 (60)	189,556,000 (198,877,000)

Other Matters and Developments in 2000/2001

European Regional Development Fund

74. The European Regional Development Fund (ERDF), one of four European Union Structural Funds, came into operation in its present form on 1 January 1989. On 1 January 1994 it entered a second programme period which ended on 31 December 1999 for commitments, and concludes on 31 December 2001 for payments.

75. Following negotiations between the Member States and the European Commission, a new programming period was agreed at the Berlin Summit in 1999. This came into effect on 1 January 2000 and lasts until 31 December 2006 for the core ERDF programmes and 31 December 2005 for the transitional programmes. Transitional programmes are for those areas which received Structural Funds in the previous programming period, but do not qualify for full funding in the new period.

76. 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.

77. ERDF grants are allocated through a number of Single Programming Documents in areas defined by the European Commission under Objective 1 (areas lagging behind in development) and Objective 2 (industrial, urban and rural areas). Additional grants are made available through a number of Community Initiatives. There will be 4 of these in the new programming period, of which 2, INTERREG III and URBAN II will be funded by the ERDF. INTERREG III will be for interregional collaborations and cross-border activities. URBAN II will concentrate on assisting deprived inner city areas in a limited number of locations in the UK. These areas have yet to be agreed with the European Commission.

78. ERDF grants in 2000/2001 for business development measures in England amounted to £2.89 million.

³ Figures are inclusive of guarantees offered but not yet accepted.

⁴ 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.

⁵ Figures are inclusive of guarantees offered but not yet accepted.

Inward Investment

79. It is not possible to provide a comprehensive figure for the amount of foreign investment made in the UK during 2000/2001, since not all such investment is notified to the DTI, particularly when it takes place outside the Assisted Areas or involves expansion on existing sites. However, Invest-UK (formerly the Invest in Britain Bureau) does record the number of investments and associated jobs based on information provided by the companies at the time of the announcement to invest, based on those projects where Invest-UK and its regional partners were involved or which have come to their notice. These figures were not available at the time the Annual Report was laid in Parliament, but can be found in the Invest-UK Annual Review due to be issued on 11 July 2001.

80. Another useful indicator of the level of inward investment is the amount of assistance offered under section 7 of the Industrial Development Act 1982 to foreign owned companies. In the year to 31 March 2001, offers of £261.1 million RSA were accepted for 122 projects in Great Britain. These projects were associated with capital investment of £2.4 billion, and would involve the creation of 20,405 jobs and the safeguarding of 11,305 jobs.

Industrial Development in Scotland, Wales, and the English Regions

Scotland

Overview

81. The Scottish economy experienced modest growth in 2000, with GDP rising by 1.5%⁶. This compared with a rise of 2.9% for the UK as a whole.

Industry

82. Output in the manufacturing sector grew by 0.4% in 2000, compared with 1999. Within manufacturing, electronics grew by 5.9% in 2000, whilst non-electronics engineering declined by 3.1% over the same period. Output in the textiles and clothing industry declined by 6.2% in 2000. Scottish service sector output grew by 1.7% in 2000, compared with a 3.4% increase in this sector in the UK.

83. The North Sea Oil and Gas Industry was of key importance to the Scottish economy. DTI figures showed that UK oil production in 2000 in volume terms was 7.8% lower than in 1999. This had coincided with a sharp increase in the average price of oil between 1999 and 2000⁷.

Inward Investment

84. Major inward investment projects in the past year included ADC Telecommunications and Agilent, which had announced plans to create over 1,400 jobs in total. In the past year, MY Plastics announced that it was to close its Edinburgh plant with the loss of 200 jobs, and Fullarton Computer Industries announced 350 job losses.

Labour Market

85. Employment in Scotland stood at around 2.4 million⁸ between December 2000 and February 2001, an increase of 2.4% over the previous year. The manufacturing sector accounted for 14% of total employment in December 2000, with the service sector accounting for 76% of jobs and the remaining 10% accounted for in other sectors. Unemployment stood at 152,000 between December 2000 and February 2001, some 6% of those economically active⁹.

86. At the end of 2000, around 27% of working aged people in Scotland had a degree level qualification. This was higher than the UK as a whole, where 24% of working aged people had a degree.

87. The commercialisation of academic research was recognised as important to the economic development of Scotland. The Scottish Institute for Enterprise (SifE), a government sponsored initiative comprising a number of Scottish universities aimed to lift economic productivity in Scotland, by broadening the availability

⁶ Output based measure from a quarterly GDP series. Scottish Executive figures.

⁷ DTI figures.

⁸ Seasonally adjusted. Scottish Executive figures.

⁹ ILO measure. Seasonally adjusted. Scottish Executive figures.

and uptake of entrepreneurial education, increasing the number of technology start-ups and improving communications between the world of academia and business. In addition, the Scottish Executive carried out a benchmarking study on the commercialisation of intellectual property in the Scottish higher education sector. The results of this survey, due to be published in June 2001, will give a specific range of indicators on the level and nature of interaction between academia and business. A number of university spin-off projects had benefited from direct support from the Executive.

Government Assistance

88. The Invest for Growth Scheme was launched in July 2000 (see Assistance Under Section 7). This streamlined scheme operated within the same legislative framework as, and complemented, mainstream RSA. It addressed the needs of smaller businesses by providing easier and less costly access to grant assistance, with a simpler application process and faster turnaround times when grant was £100,000 or less. Between its launch and 31 March 2001, 136 applications were received. RSA, together with Invest for Growth, continued to play a major role in contributing to economic prosperity in Scotland and was instrumental in significant growth in a number of sectors including biotechnology, pharmaceuticals, optoelectronics and software.

89. A total of 178 offers for RSA and Invest for Growth were accepted in 2000/2001. This represented a reduction of around 30% over the previous year. However, this reduction was probably the result of the expiry in December 1999 of the previous Assisted Areas map, which encouraged companies to bring forward their investment plans. The value of offers accepted was over £100 million, and this was associated with planned expenditure of over £500 million and the creation and safeguarding of almost 17,000 jobs. 79% of applications received were from indigenous companies.

Scottish Industrial Development Advisory Board

90. The Scottish Industrial Development Advisory Board was set up under section 20 of the Scottish Development Agency Act 1975, to advise on applications for RSA in the country.

91. A full list of Board members can be found at **Appendix 5**.

Report by the Chairman of the Scottish Industrial Development Advisory Board.

92. During the year, the Board met on 10 occasions and advised on 44 applications for grant. The Board recommended that RSA of almost £62 million be offered. This was associated with planned expenditure of over £360 million and the creation and safeguarding of over 10,000 jobs. The average cost per job for these projects was £6,200.

93. During the year, I was delighted to accept a further year's appointment as Chairman. I am also pleased to announce that Dominic McKay and John Quigley also accepted reappointment for a further 3 years. I am very sorry that pressure of work caused Carmen McAteer to resign and I would like to take this opportunity of thanking her, for her contributions over the years.

IAN GOOD CBE
Chairman

Wales

Overview

94. The Welsh economy enjoyed positive growth during 2000, with production output increasing compared to 1999 and unemployment falling. However, doubts about global economic performance resulted in some uncertainty over growth prospects for the months ahead.

95. Since the second half of 2000, there were growing concerns about the strength of the international economy. The main concerns centred on the rapid slowdown in output growth in the US and the continued financial instability in Japan. Growth prospects for the European Union also declined in recent months, particularly in Germany. Welsh exporters had been aided by the recent depreciation of sterling against most of the major currencies, but for those exporting to the Eurozone, the story was very different.

Industry

96. Although there was some positive news for Welsh manufacturing, for example, the confirmation that 1,700 jobs would be created at the BAE Systems Broughton plant to manufacture the wings for the new Airbus

380, on the whole it was a difficult year for the manufacturing sector in Wales. Overall, there was a general decline in manufacturing and an increase in the service sector. In particular, Customer Relationship Management centres became increasingly prominent.

97. At the beginning of February, Corus announced the closure of plants in Ebbw Vale and Bryngwyn and a downsizing of operations in Llanwern and Shotton, with the loss of over 3,000 jobs. In the electronics sector, Sony, Hitachi and Panasonic all announced job reductions. In each case the company cited the exchange rate, increased competition in the world market, a slow down in the world economy and the emergence of lower labour costs in countries in Eastern Europe as the reasons behind the moves. The textile industry also experienced a number of plant closures, while the automotive sector had a very difficult time, with a number of plant closures and major job losses in key areas of Wales, again citing lower labour costs in Eastern Europe and the exchange rate as major factors.

98. The main regional forecasts, indicated that Wales continued to under perform in comparison with the rest of the UK in terms of economic growth. Welsh GDP was forecast to grow by 2.4% in 2001 (the same rate as forecast for 2000) with a slowdown in 2002. Growth in Welsh manufacturing GDP was expected to outperform slightly the UK average in the medium term. The electronics (despite the job losses), financial and other business services, transport, and communications sectors were expected to be amongst the fastest growing sectors in Wales.

Labour Market

99. Employment in Wales increased by 8,000 (0.7%) between December 1999 and December 2000 to stand at 1,078,000. Over the same period, manufacturing employment fell slightly to stand at 200,700, 18.6% of all jobs. Over the twelve months to March 2001 claimant unemployment in Wales fell by 4,600 (7.9%) to 53,900. Claimant unemployment (not seasonally adjusted) in Wales in March 2001 was 4.4%, compared to the UK rate of 3.5% in March 2001.

Government Assistance

100. The Government announced the new Assisted Areas map for the UK in July 2000, following its approval by the European Commission. Pending EC approval, arrangements were put in place whereby the Board continued to consider applications from companies with projects located within the proposed new Assisted Areas map, but any offers were conditional on confirmation from the Commission that the location was within the approved map and that the project complied with the appropriate aid ceilings for that area. These arrangements were similar to those put in place in England and Scotland.

101. During 2000/2001, 200 applications for RSA were received. Offers of £97.6 million RSA towards 152 projects were accepted in Wales, some of which related to applications received in the previous year. These projects were expected to create 8,018 new jobs and safeguard a further 3,488 jobs, at an average cost per job of £8,483, with planned investment by companies of £761.7 million. This included £44 million RSA accepted towards projects by UK-owned companies, involving private investment of £227.8 million to create 4,396 new jobs and safeguard 1,603 existing jobs.

102. A further 130 applications for Regional Innovation Grants (RIN) were received in the year under the SMART Wales banner, and 105 offers of assistance (totalling £2.4 million) were made, some of which related to applications received in the previous year.

Welsh Industrial Development Advisory Board

103. The Welsh Industrial Development Advisory Board was set up under section 13 of the Welsh Development Agency Act 1975, to advise on applications for RSA in the country.

104. A full list of Board members can be found at **Appendix 5**.

Report by the Chairman of the Welsh Industrial Development Advisory Board

105. The Board met on 11 occasions and advised on 55 applications for grant, 5 of which were rejected. The Board recommended that over £124 million RSA be offered, involving the creation of 6,960 new jobs and the safeguarding of 4,289 existing jobs at an average cost per job of £11,056.

106. During the year, Keith Hodge OBE retired as Chair and the Board wishes to record its thanks for his valuable contributions over many years. Nigel Wheeler and Richard Fowler joined the Board as new members.

SHEILA DRURY OBE
Chairman

The English Regions

107. The Government Offices (GOs) in the English Regions are responsible for putting into practice locally, the policies of various Government Departments.

108. The GOs support and promote a coherent regional approach to competitiveness, sustainable development, regeneration, and social inclusion, through the government programmes over which the GO has direct control and by influencing the action of partners/partnerships. They manage the Government's relationship with regional partners, by promoting and supporting effective partnership working, and in particular through sponsorship of the Regional Development Agencies and support to them in the delivery of their strategies.

109. There is a link between the work of the GOs in delivering assistance to the regions and that of the Regional Development Agencies (RDAs) in developing and promoting regional economic strategies. RDAs are the lead bodies at regional level for co-ordinating inward investment, raising people's skills, improving the competitiveness of business, promoting sustainable and economic development, and social and physical regeneration.

Industrial Development Advisory Board and the Regional Industrial Development Boards

110. The Industrial Development Advisory Board (IDAB) is appointed under section 10 of the Industrial Development Act 1982, to advise the Secretary of State on the exercise of his functions under sections 7 and 8 of that Act. The main work of the Board is to advise on individual applications for Regional Selective Assistance (RSA), which is available in the Assisted Areas in England, where the grant sought is over £2 million.

111. There are 7 non-statutory Regional Industrial Development Boards (RIDBs), which have been set up in the English Regions, to advise on applications for RSA between £250,000 and £2 million, except the East of England RIDB, which advises on applications between £100,000 and £2 million.

112. A full list of all Board members can be found at **Appendix 5**.

Industrial Development Advisory Board

Report by the Chairman of the Industrial Development Advisory Board

113. During the year, 12 meetings were held to examine and discuss 18 RSA applications of over £2 million under section 7 of the Act. This was a considerably higher number than in recent years. As at 31 March 2001, the Board had found that 16 cases met the relevant criteria for assistance and recommended that they should be supported. Of these, 14 projects were expected to proceed or were still under consideration by the applicant company at 31 March 2001, involving the creation of 12,466 new jobs, the safeguarding of 1,548 existing jobs and capital expenditure of £1.4 billion. The total RSA awarded was £128 million, with an average cost per job of £9,134. The Board found quality features in all the projects it had considered, with many of them involving the creation of high skilled sustainable employment, and with considerable R&D and training elements. This was encouraging for the Government's policy of refocusing RSA more on high quality, knowledge-driven projects. The Board reviewed its work in 2000/2001 with the Rt Hon Stephen Byers MP, Secretary of State for Trade and Industry, at a meeting in April 2001.

114. In November 2000, Board members attended a seminar on regional policy and RSA with the Rt. Hon Richard Caborn MP, Minister for Trade, members of the Regional Industrial Development Boards and representatives from the Regional Development Agencies.

115. As part of the debate on an industrial policy for the 21st century, which led to the White Paper on Enterprise, Skills, and Innovation, 'Opportunity for All in a World of Change', representatives of the Board met the Secretary of State for Trade and Industry in November 2000.

116. The Board welcomed 4 new members: Michael Beverley, Roger Carr, Steve Hollis and Gordon Page CBE, following their appointment in January 2001. In addition, the Board wishes to thank Robert Hawley CBE, Richard Laphorne CBE and Nigel Macdonald, for their valuable contributions. All 3 retired from the Board during the year.

SIR VICTOR BLANK
Chairman

East of England

Overview

117. The continuing strength of the pound, the increase in fuel prices, the announcement by Vauxhall to downsize its Luton operation, the perceived impact of the outbreak of foot-and-mouth disease and concerns about the burden of regulation, were the main concerns of industry in the region during the year. The strength of sterling forced some companies into exploring other avenues of business, and although there was relief towards the end of the year when the Euro was recovering, exchange rates were still perceived to be too strong by many manufacturers.

Industry

118. Investment in hi-tech and IT firms, in particular e-commerce, continued to remain high. Much investment in this field was undertaken in the run-up to the Millennium and it resulted in significant productivity gains. Other industries were hesitant about investing, due in part to lack of availability of suitable premises and land. Towards the end of the year, prospects for investment in traditional manufacturing improved, together with investment in construction and property.

119. The rising price of fuel at the beginning of the year increased costs and reduced competitiveness. As the fuel crisis reached its peak in September and October, hauliers and distribution companies experienced major problems. Small firms locked into Just In Time delivery systems, experienced cash flow problems. Fuel cost concerns receded towards the end of the year.

120. There was growth in out of town retail parks and discount stores throughout the year, with buoyant demand for electronics and white goods. High street closures among smaller retail outlets succumbing to competition and rent and rate increases, affected town centres. Several car dealerships closed as a result of slumps in car sales and intense competition from abroad. Manufacturing in the electrical and electrical engineering industries remained buoyant for both small and large companies. Productivity gains in manufacturing reduced the demand for labour, but there were still skill shortages.

121. The construction industry boomed, especially in housing where demand was very high. For the first time in 10-12 years, speculative office building occurred and there was also heightened investment in retail and commercial property.

122. The service sector remained strong and despite job losses in the finance and insurance field, there was growth. Investment in IT systems continued and there was a rising demand for services to enable businesses to cope with red tape.

123. The automotive industry suffered as a result of pressure from cheaper imports and intense sales competition. Downsizing at Vauxhall and at the Ford plant in Dagenham, just outside the region, resulted in job losses in the supply chain.

124. Agriculture was depressed, although demand for added value food products continued to grow. In rural areas there were concerns about bank closures and the loss of rural post offices. Although the outbreak of foot-and-mouth disease did not have such a major impact in the East of England in comparison with some other regions, there were adverse effects on livestock farms especially in Suffolk and Essex and a decline in the number of tourists.

Inward Investment

125. The East of England Investment Agency (EeiA) reported handling 211 project enquiries in 2000/2001, during which 28 overseas-owned companies either located or expanded in the region. 47% of the enquiries came from the USA, 32% from Europe and 21% from the Asia Pacific Basin. ICT and automotive were the leading sectors. The EeiA continued to work with internationally owned companies already located throughout the East of England, and conducted 187 company visits with its regional partners as part of the investor development programme.

Labour Market

126. Skill shortages in parts of the region around Cambridge, in Hertfordshire and the M25 areas continued throughout the year. In these areas, recruitment and retention was difficult and employers increased packages in order to attract and retain staff.

127. Claimant count unemployment rates (not seasonally adjusted) in the East of England, fell throughout the year to 2.3% in March 2001 from 2.8% in March 2000, which was below the UK average of 3.5% in March

2001 and 3.9% in March 2000. A number of TTWA districts continued to experience unemployment above the national average, notably Great Yarmouth (8%) and Harwich (5.9%) in March 2001.

Government Assistance

128. Investment through RSA in the East of England continued to climb. During the year, 8 grant offers were accepted, providing funding of £1.97 million towards capital investment of £13.15 million. It was expected to result in a total of 290 jobs created and 221 safeguarded, at an average cost per job of £3,853. This compared to £1.35 million RSA awarded in 1999/2000.

129. During 2000/2001, 9 offers of Enterprise Grant were accepted for smaller scale projects providing funding of £310,000, towards capital investment of £2.17 million.

Report by the Chairman of the East of England Industrial Development Board

130. The East of England Industrial Development Board met 5 times and considered 5 applications for RSA. The Board supported grant totalling £2.3 million. As a direct result of the decision by Vauxhall to downsize its Luton operation, 2 projects did not proceed. If the remaining 3 projects were accepted, the total amount offered would be £1.2 million, associated with capital investment of £6.2 million, and would involve the creation of 197 jobs and the safeguarding of 134 jobs, at an average cost per job of £3,550.

131. David Burrell, Declan Connolly, John Tweddle and John Carter retired from the Board at the end of 2000, the first 3 of whom had been members of the original Eastern Region Industrial Development Board. Christine Dickson resigned at the end of 2000. Fellow members join me in thanking them for their valuable contribution during their time in office.

132. We welcomed 2 new members: Alan Davies and Keith Hamilton, who joined the Board at the start of 2001.

ELAINE ODDIE
Chairman

London and the South East

London

Overview

133. London accounted for 17% of the UK's GDP. Although GDP per head was 25% higher than the UK average, there were large disparities between inner and outer London. The service sector dominated, although London's manufacturing sector contributed £11 billion annually to the national economy and employed nearly 300,000 people.

134. London's economy grew in 2000/2001 but more slowly than in the previous year. The London Chamber of Commerce and Industry's latest survey (March 2001) showed continuing business confidence in regional prospects, although there was a smaller proportion of respondents expecting improvement.

Industry

135. Over the year, construction activity remained buoyant, especially for office development and the outlook for this sector remained good. The service sector continued to experience growth particularly in the business, IT and financial areas. Merger and acquisition activity remained high but had lately reduced. The tourism industry experienced difficulties because of the high value of sterling and the US recession, and the outbreak of foot-and-mouth disease threatened to exacerbate the problem. Whilst newer manufacturing industries, such as IT and telecommunications experienced growth, the traditional manufacturers (clothing, textiles, automotive and furniture) remained under pressure. Overall, manufacturing output was virtually flat.

Inward Investment

136. With the setting up of the Greater London Authority in July 2000, responsibility for inward investment activity in London was transferred to the London Development Agency. The DTI's Regional Competitiveness Indicators (March 2001) showed that between 1994 and 1997, foreign owned companies invested an average of £345 million per year in manufacturing. During the year, 114 inward investment projects were completed.

Although there had been some impact from the slowing down of the US economy, over 4,500 new jobs were created with a further 2,755 jobs safeguarded. Notable successes were the 500 jobs to be created by the French-owned Alcatel group and 100 jobs at US-based software company, Equinix.

Labour Market

137. Claimant count unemployment (not seasonally adjusted) in London, fell to 3.4% in March 2001 compared to 4.0% in the same month in 2000. This compared with the UK average of 3.5% in March 2001 and 3.9% in March 2000.

138. The labour market remained tight and skill shortages persisted across the board but particularly in the public sector, in transport, and in areas requiring IT, financial and hospitality skills. There had been some easing recently following the downscaling of activity in the financial sector. Basic pay settlements were 3 to 4% in London, about 1% higher than the rest of the country.

Government Assistance

139. During the year, 9 offers of RSA to the value of £1.15 million were accepted towards capital investment of £30 million. These projects were expected to create 182 jobs and safeguard 199 jobs, at an average cost per job of £3,010.

140. There were 11 offers of Enterprise Grant accepted to the total value of £344,000, associated with capital investment of £3 million.

South East

Overview

141. The economy was strong in UK terms, with GDP (work based) of £122 billion in 1999 (the most recent information available). This was second only to London and 15.8% of total GDP for the UK. The South East maintained its relative cost differential by having a highly skilled workforce, technically advanced industries, location advantages such as London's amenities, services, airports, and high levels of innovation and entrepreneurship.

Industry

142. The service sector was a particularly strong element of the economy compared with the rest of the UK, with established strengths in the creative industries, particularly multimedia and publishing, and in financial and business services. In real terms the value of the GDP contribution from manufacturing was higher than all but one of the English regions, reflecting the preponderance of high value-added manufacturing. The region was also particularly strong in pharmaceuticals, ICT, advanced automotive engineering, electrical and electronic engineering (including optoelectronics), biotechnology and defence related activities. The recent report "Business Clusters in the UK – A First Assessment" produced by the DTI in February 2001, identified a range of clusters in these sectors, both developed and emerging.

Inward Investment

143. The DTI's Regional Competitiveness Indicators (March 2001) showed that between 1994 and 1997, foreign owned companies invested an average of £736 million per year, higher than all but one other English region. The attraction of inward investment continued to play an important role in the Assisted Areas, with a number of new RSA offers being made and some earlier investment intentions coming forward. Kimberley Clark announced the setting up of a European Shared Services Centre in Brighton, whilst the multi-million pound Pfizer R&D facility in Sandwich was completed. Other notable successes in the region included the announcement of significant new investments by BMW in both Oxford and Chichester, together with an investment by Xyratex Computer Company in Havant.

144. Southampton Photonics, a spin-out from the University of Southampton which specialised in the development and production of specialised fibre components in the optical communications field, set up R&D and manufacturing facilities at Chilworth Science Park. They had begun putting substantial investment back into the university and proposed to exploit future inventions from that source.

Labour Market

145. Claimant count unemployment (not seasonally adjusted) in the South East fell to 1.7% in March 2001, from 2.1% in March 2000. This compared to a UK average of 3.5% in March 2001 and 3.9% in March 2000.

Government Assistance

146. During the year, offers of 24 RSA grants totalling £2.88 million were accepted towards capital investment of £37.6 million. These were expected to create 822 jobs and safeguard 342 jobs, at an average cost per job of £2,466.

147. There were 25 offers of Enterprise Grant accepted to the total value of £830,000, associated with capital investment of £6.3 million.

Report by the Chairman of the London and South East Industrial Development Board

148. The Board, which was formed in February 1995 to cover London and the South East regions, continued to advise on larger RSA cases and to act as a forum for discussion of competitiveness and other issues affecting the region's economic development

149. The Board considered and supported 4 RSA applications. If these offers were accepted, a total of £2.7 million RSA would be awarded. They would be associated with capital investment of £61.2 million, and involve the creation of 435 jobs and the safeguarding of 458 jobs, at an average cost per job of £3,041.

150. Over the last year the Board lost the services of Ian Herman, my predecessor as Chairman, Stuart Iles, Eddie Donaldson, David Longford and Michael Lynch. I am grateful to each of them for the valuable contribution they have made over the period of their membership. In maintaining 13 serving Board members, I am happy to welcome new members: Robert Stiles, Praful Davda, Roger De Haan, and George Kessler.

CHRISTOPHER DANE
Chairman

North East

Overview

151. The region continued to suffer mixed fortunes with numerous economic indicators showing the North East to be lagging behind the rest of the country. The last year proved a difficult period for a significant proportion of the economy in the North East.

Industry

152. The textile and clothing sector remained particularly depressed. There were also apparent growing problems in parts of the electronics industry, particularly in the low cost/high volume fields. This was reflected in job losses in the region and the transfer of production to Eastern Europe. However, the Proctor and Gamble Global Business Centre, which started last year, became fully operational with employment exceeding the original estimates by over 100 new jobs.

153. Support for major projects concentrated on internet-related projects (650 jobs), engineering (490 jobs), automotive (380 jobs), aerospace (470 jobs) and pharmaceuticals (260 jobs), with capital expenditure by the companies concerned exceeding £70 million.

154. The major factor on the heavy engineering/construction industry in the region, was the increasing synergy between offshore oil and the shipbuilding and ship-repair sectors. In most cases, the riverside yards and the experienced workforce were interchangeable between contracts.

155. On Tyneside, a very gloomy outlook in the last quarter of 2000 changed dramatically with major orders confirmed and high optimism for further work in the future. Amec, Swan Hunter and A & P Tyne, together with their supply chains, had all benefited from the upturn.

156. Increased development of resources using subsea technology provided significant outlets for Wellstream, Duco, SMD and a number of smaller companies who were world leaders in the field. Worldwide investment in oil and gas had identified real opportunities and encouraged companies to make renewed efforts in the international markets.

157. The position on Teesside unfortunately remained bleak. Major fabrication yards, Kvaerner and Odebrecht closed, leaving Heerema as the only large operator in the offshore sector. The supply chain was expected to be affected accordingly.

158. While 2000 was generally a satisfactory year for the chemical industry, there were problems. The doubling of gas prices was a real concern. The downturn in the US market was also a considerable concern, as it would affect European prices and demand. On the investment front, there were a considerable number of medium sized projects, such that there was pressure on the engineering sector. It was of concern to the chemical industry that the age profile in the engineering sector was heavily skewed, and that manpower shortage would become a serious problem.

159. The regional approach to competitiveness continued to be focused in the Regional Economic Strategy (RES) and the Regional Competitiveness Project, which the RDA ONE NorthEast had been tasked to deliver in collaboration with regional partners. Implementation proposals included business cluster development and ONE NorthEast's Cluster Development Methodology, promotion of entrepreneurship, removal of development constraints, and an emphasis on business working closely with universities and colleges to stimulate economic growth. ONE NorthEast also managed the regional Competitiveness Development Fund.

160. The Government White Paper on Enterprise Skills & Innovation, 'Opportunity for All in a World of Change', and its regional summary, were published in February 2001. Working alongside the RES, specific measures included a Manufacturing Advisory Service, University Innovation Centres, investment in new technologies, reforming vocational education and training (with an emphasis on ICT skills), an Incubator Fund to encourage business start-ups, and promotion of e-business.

161. After a difficult and sometimes erratic 3 year period, the latter half of this year saw an upturn in international trade activity of North East businesses. The region's exporters reported strong growth in both sales and orders from overseas customers in the last quarter of the year across both manufacturing and service sectors, accelerating the first signs of modest growth reported in surveys at the end of 2000.

162. Customs & Excise data on exports of goods (data is not available for services) from the region confirmed a significant improvement in performance, with North East companies exporting £6.8 billion of goods in the year to December 2000; an increase of nearly 20% (£1.1 billion) over the same period in 1999. Whilst exports to EU markets (at £5.173 billion and representing 76% of the value of the region's world trade) continued to dominate, exports to non-EU markets saw the most marked percentage increase (a 45% increase (£510 million) to £1.624 billion). This perhaps reflected businesses looking to new market opportunities outside the Euro zone to combat reported trading difficulties, which featured strongly during the year, due to the level of sterling against the Euro.

163. Clothing, engineering, food and drink, household goods, oil, gas and telecommunications, were amongst sectors in the region which saw a fall back in overseas trade performance over the previous year. This was generally more evident in EU markets, with most sectors compensating for this through winning business in non-EU markets. The automotive sector had a boost in the region with Nissan's Sunderland operation chosen to build the new Micra. The automotive component supply chain in the region may however become under increasing competitive pressure, as has been the trend during the year for many exporting companies.

Inward Investment

164. There was an increase in general enquiries during the year (up 34% to 390), although the number of site searches remained static at 154. The number of visits to the region increased significantly, by 58% to 238, although a large part of the increase was due to large Chinese delegations, which were unlikely to yield investments in the foreseeable future.

165. In January Nissan formally announced that the new Micra would be built at Sunderland, following their announcements last year about the Primera and Almera. Capital expenditure would exceed £200 million and employ 800. The Atmel Corporation took over the former Siemens facility, with investment approaching £200 million, and employment was steadily growing on site as they moved to full production by the end of 2001, when employment should exceed 1,000.

Labour Market

166. The International Labour Organisation (ILO) rate of unemployment in the North East was 8% (UK = 5.2%) in the December 2000 to February 2001 period, compared with 8.6% in the same period a year earlier. The rates for men and women in December 2000 to February 2001 were 9.7% and 5.9% respectively. The ILO

based estimate of the employment rate in the North East was 68.5% in the December 2000 to February 2001 period, compared with 67.6% in the same period a year earlier. The employment level was 1.1 million in the December 2000 to February 2001 period, up 12,000 on the same period a year earlier.

167. In March 2001, the claimant count unemployment rate (not seasonally adjusted) in the North East stood at 6% in March 2001, down from 6.9% in March 2000. This compared to the UK average of 3.5% in March 2001 and 3.9% in March 2000. The number of unemployment claimants in the region fell from 75,500 in March 2000 to 64,700 in March 2001. Despite this reduction, the region continued to have the highest overall unemployment rate in England.

168. Rates within the region varied widely between local authority areas. At March 2001 South Tyneside had the highest claimant count unemployment rate (not seasonally adjusted) of 9.6%, while Castle Morpeth had the lowest rate of 2.7%.

169. Reports of recruitment difficulties were common in the region, especially the recruitment of skilled technicians and IT specialists. There had been cases where it had been particularly difficult to attract skilled staff from other regions of the country. This shortage of skilled labour led to an increase in wage settlements that outstripped inflation. However, there was evidence of saturation in lesser skilled occupations during the year.

Government Assistance

170. During the year, 47 offers of RSA were accepted to the value of £86.5 million, towards capital investment of £1.1 billion. These projects were expected to create 3,857 jobs and safeguard 4,335 jobs. The average cost per job was £10,528, a significant increase on last year's figure of £4,428. This was partly a reflection of the level of capital investment by companies, but more the result of the particularly high quality of a significant number of jobs in the automotive and electronics industries.

171. This had been the first year of the Enterprise Grant Scheme, which replaced the RSA Scheme for grants up to £75,000. During the year, 120 offers of Enterprise Grant were accepted to the value of £3.3 million towards capital investment of £24.5 million. These projects were expected to create and safeguard 955 jobs as a result.

Report by the Chairman of the North East Industrial Development Board

172. The North East Industrial Development Board held 7 meetings and considered a total of 14 RSA cases and supported grant totalling £11.6 million. If all these offers were accepted, they would be associated with capital investment of £90.6 million, and involve the creation of 1,526 jobs and the safeguarding of 1,089 jobs, at an average cost per job of £4,436.

173. RSA continued to play an important part in the economic development of the North East in line with the Regional Economic Strategy (RES), with several major successes this year, including Atmel Corporation and SSL International plc.

174. The new Enterprise Grant Scheme for lower value RSA attracted considerable interest, but the Board had concerns about the effects of the rule, which permitted only one application per company regardless of the size of grant. This is of particular concern given the North East's deficit in the creation and survival rates of SMEs.

175. During the year, 4 new members were welcomed to the Board: Subhash Chaudhary, Valda Morris, Paul Nowak, and Mike McCullagh. We said farewell to 3 members of the Board: John Ward (former Chairman), Bob Howard, and Sue Wilson CBE. We are extremely grateful for their assistance over the years.

RICHARD MAUDSLAY
Chairman

North West

Overview

176. The region continued to make progress in modernising its economy and building on its strengths, notably its science base in both the private and public sector with particular strengths in the Life Sciences, Computer Sciences, Physical Sciences and Engineering. While the region can point to an improvement in its

overall performance in absolute terms, including productivity, it still continued to under perform in a number of areas, including the development of high growth potential business and the availability of higher technology skills (including ICT).

Industry

177. Although the service sector continued to grow in importance, the region continued to account for a higher manufacturing GDP than any other part of the UK, and at £18.9 million the North West accounted for some 12.5% of the national figure. A strong manufacturing sector with a high level of output exported was essential to the region's growth. A key priority in the Regional Economic Strategy (RES) was to help businesses, particularly those in the priority sectors identified, to increase productivity and move into higher added value products.

178. During the year, the North West Development Agency (NWDA), working with the private sector, had taken the lead in a cluster development that concentrated on both established sectors such as textiles and chemicals, and embryonic growth sectors such as biotechnology and creative industries. Regional chemicals and biotechnology initiatives had been launched, and mapping and benchmarking work was underway in other sectors. New opportunities were identified in established sectors as well as the scope for applying new technology in traditional areas, for example, textiles.

179. Much was being done to build links between Higher Education Institutions (HEIs) and businesses, and a number of hi-tech collaborations had been undertaken in areas ranging from fire resistant fabrics to vaccines.

180. The year had seen a continued refocusing by the chemical and pharmaceutical industries, leading to some restructuring and job losses, but also important investments, such as Astra Zeneca's in Cheshire.

181. In the automotive sector, the first X-type 'baby Jaguar' was produced in March 2001 at Ford Halewood on Merseyside, and Vauxhall's plant at Ellesmere Port was confirmed as the location for production of the new Vectra. A major £600 million investment programme at Crewe would see production of the Bentley significantly increased.

182. In other important sectors, food and drink continued to operate under tight margins with a number of mergers taking place. The aerospace sector saw job losses following falling demand in part of its defence market, but the civilian aerospace side saw improved performance recently, including regional jet orders. In engineering where the region had a number of national/multinational operations, acquisitions in areas such as heat treatment technology and telecom support helped to counter sluggishness in other markets. Finally, the outbreak of foot-and-mouth disease affected the Cumbrian economy with a knock on effect, which hit tourism and a number of associated businesses hard.

Inward Investment

183. Inward successes in the region this year included Exxon Mobile Corporation and Bertelsmann Services UK. Exxon Mobile established the company's Pan-European customer service centre in Manchester, concentrating their existing customer service centres on one site. Capital expenditure for this operation was £7.1 million and was forecast to create 280 jobs. Bertelsmann established a dedicated service centre in Liverpool, providing customer services and technical support for the UK market with capital expenditure totalling £2.8 million and a job creation forecast of 349.

Labour Market

184. Between December 1999 and December 2000 there was a net decline of 28,000 civilian workforce jobs in the North West. This represented a 0.9% decrease compared with a UK net increase of 0.2%. The official Labour Force Survey covering December 2000 to February 2001, suggested that about 77% of those of working age in the North West were economically active, compared with the UK average of 79%.

185. On a seasonally adjusted basis, claimant unemployment in the North West fell by 18,300 in the 12 months to March 2001. On a seasonally unadjusted basis there were some 133,200 unemployed claimants in the region at March 2001, the rate of 4.1% comparing to 4.6% in March 2000. The UK average was 3.5% in March 2001 and 3.9% in March 2000. The figures camouflaged wide differences, with rates on Merseyside and West Cumbria particularly high. On an ILO basis, unemployment in the North West between December 2000 and February 2001 was estimated at 173,000, the rate of 5.2% identical to the UK average and compared with the Euro 15 average of 8.0%.

186. There continued to be high demand for a number of engineering skills with tradesmen such as electricians, fitters, joiners, bricklayers etc, who were almost continuously required in the construction and building industry. IT specialists were in great demand as were language experts, technical marketing personnel, and catering staff. Despite demand in some activities overall, pay rises tended to be within broadly inflation increase levels. Gross weekly earnings in the North West according to the New Earnings Survey of April 2000, stood at £385.70 compared to the Great British average of £410.60.

Government Assistance

187. During the year, 79 applications for RSA were received and 81 offers accepted to the value of £19.98 million, towards capital investment of £157.7 million. These projects were expected to create 3,267 jobs and safeguard 2,056 jobs, at an average cost per job of £3,753. These figures compared to 274 applications in 1999/2000, with 222 offers accepted to the value of £30.3 million, towards capital investment of £427 million. There had been 6,242 jobs created and 4,124 jobs safeguarded, at an average cost per job of £2,925.

188. During the year, 93 offers of Enterprise Grant were accepted to the value of £3.15 million towards capital investment of £26.5 million.

Report by the Chairman of the North West Industrial Development Board

189. While the number of cases considered by the Board was lower than in the previous year (22 cases in 1999/2000), the Board met on 11 occasions to consider 18 RSA cases, some of which it was necessary for the Board to reconsider at a subsequent meeting. The Board was encouraged by the major new investment projects that came forward, including Swiss Life (Liverpool), Exxon Mobil (Manchester) and Lever Bros. (Port Sunlight). Of the projects considered, 4 were foreign owned, 1 was a start-up business and 5 were in respect of businesses new to the region.

190. If the 17 offers (1 applicant had declined the offer of RSA) were accepted, a total of £11.4 million RSA would be awarded towards capital investment of £102 million. This would involve the creation of 2,348 new jobs and the safeguarding of a further 485 jobs, at an average cost per job of £4,031. The majority of the projects involved investment creating new jobs, with only 4 projects based on safeguarding existing jobs (safeguarding was an element in 5 others).

191. The range of projects reflected the diversity of the region's industrial and commercial base. Projects included the textile, electronic engineering, aerospace, float glass and financial and professional services sectors. There was, however, a significant representation of projects that involved call centres and service centres, some with a strong ICT dimension. The ability of the region to provide suitable premises, good infrastructure and potential recruits with language skills was an important factor. The Board took full account of the sector priorities identified in the Regional Economic Strategy (RES) and 12 of the projects supported were in priority sector areas.

192. The most frequent case for grant support was the international mobility of the project (9 cases). Coming to a view about the credibility of such arguments, as well as the appropriateness of the level of grant, were sometimes demanding issues for Board members, and this was likely to continue in the future! While 5 projects were the subject of further consideration by the Board at subsequent meetings, the Board was ultimately satisfied that grant was justified in all but 1 of the 18 cases considered during the year. At 31 March 2001, only 1 of the projects supported was not going to proceed.

193. The Board regarded the outcome of the final agreement on the Assisted Areas Map as being good for the region, because it provided coverage which reflected a solid balance between opportunity and need. The role of the NWDA and other regional partners in working with the GO, was an important contribution to the outcome and testimony to the strength of partnership working in the region. However, the omission of most of East Lancashire was regretted by the Board, who had formally supported the case made by regional partners for its inclusion.

194. The Board welcomed the increased emphasis on quality and the associated flexibility, to provide appropriate levels of support to secure high quality investment projects. Nevertheless, the Board would like to see even greater scope for producing meaningful support to highly capital intensive projects. The importance of RSA as a stimulus to projects that enhanced competitiveness, increased productivity and strengthened the skills base was well understood by Board members and central to their deliberations. The Board also took full account of the strength of the regional case, particularly where projects were of lower quality. The potential of these projects for offering good prospects of sustainable jobs important to a local area, was once again a material consideration.

195. The Board had benefited from having 2 NWDA nominees, together with an NWDA official in an observer capacity. This had helped the Board have a good understanding of the sector and cluster development priorities in the RES. In the coming year, as the cluster work develops and investment opportunities in priority sectors are identified, the Board expects the contribution of RSA to increase in importance. NWDA views are provided on each Board case and they had been directly involved with the GO on some of the projects. This collaboration (and with other partners in developing packages of support) had been an important component in the overall process.

196. The Board had been kept informed of progress on the Enterprise Grant Scheme and welcomed the considerable improvement in take-up over the latter part of the year, following a sluggish start. The Enterprise Grant Scheme linked to other support from the Small Business Service and others, should be an increasingly important contribution to assisting SMEs in the region.

197. The Board welcomed the publication of the White Paper on Enterprise, Skills, and Innovation, 'Opportunity for All in a World of Change', in February 2001. In particular the Board welcomed the recognition of the importance of a strong manufacturing sector and the emphasis on building regional capabilities for growth. The initiatives being taken forward, including the Manufacturing Centre of Excellence, the University Innovation Centre and the Regional Venture Capital Fund would be important to improving the region's performance.

198. The Board continued to develop its knowledge of the industrial, commercial and social aspects of the region's Assisted Areas. During the year, it undertook tours in Lancaster and East Manchester hosted by local partners. Both were very successful.

199. The Board was also represented at an RSA workshop/seminar hosted by the DTI in Sheffield in November 2000 and in March 2001 held a workshop with the Government Office, attended by the DTI, which included discussion about the simplification of RSA procedures and the new targets for processing applications. Issues emerging from that workshop were being taken forward. The North West Director of the Employment Service also made a presentation at a Board meeting on the new Employment Service agenda.

200. Membership of the Board was increased during the year with 4 new members appointed: John Alcock, John Cackett, Eva Wisemark, and Marcus Wood, and 2 members: John Hancock and Tony Pilkington retired from the Board. Anil Ruia received an OBE in the New Year Honours List.

201. The Board membership gives a good sectoral and geographical coverage and provides a strong resource of business knowledge and expertise.

ANIL RUIA OBE
Chairman

South West

Overview

202. The South West was one of the better performing regions in the UK, with GDP per head at 92% of the national average and characterised with a diversity of industrial sectors, from aerospace and defence to multimedia and electronics producers.

Industry

203. According to recent surveys, the manufacturing and service sectors performed well, although the former reported a downturn in exports. However, there were indications that both manufacturing output and export orders were set to increase and that overall, the South West was 1 of only 3 regions in the UK where export confidence had improved.

204. The diverse nature of the South West economy and higher than average number of SMEs, meant that there were few tightly concentrated geographic clusters. The major ones were aerospace, automotive, instrumentation production and marine technologies. However, there were other emerging and less geographically focused but nevertheless strong sectors in the economy, including multimedia development, ICT hardware production, food processing, earth sciences and environmental technologies. A range of incubator sites would encourage further cluster development and foster growth of SMEs in knowledge-intensive sectors. For example, the emerging biotechnology sector was being supported through the Exeter Innovation Centre and Porton Down incubation facilities, and the medical devices sector was supported through the Tamar Science Park and Derriford Hospital along with Gloucestershire Medical School linked to Cranfield University.

Inward Investment

205. The industrial base in the region was enhanced through the inward investment activities of the South West RDA, which succeeded in assisting 29 companies located or expanding in the South West, associated with project costs of over £72 million and 32,000 jobs. The majority of projects were in sectors the RDA was seeking to actively support, with 9 in ICT and electronics, 8 in advanced engineering and 3 in business services. Among them were JDS Uniphase in Plymouth, Luhrs (Hunter) Marine in Portland, Magna Infotec, Systest Labs, EAI and Parametric along with call centre expansions in Gloucester and Plymouth.

Labour Market

206. Unemployment across the South West fell by 18% in the year (UK 13%) and parts of the region were experiencing difficulties with recruitment, particularly in Swindon and other parts of Wiltshire, north and central Bristol and Plymouth. There were particular labour shortages in the professions for lawyers, architects, chartered surveyors, accountants, skilled engineers, motor mechanics, chefs and most categories of drivers. Claimant count unemployment (not seasonally adjusted) in the South West fell to 2.3% in March 2001, from 2.8% in March 2000. The UK average was 3.5% in March 2001 and had been 3.9% in March 2000.

207. In keeping with other regions, the South West was starting to see significant job losses in the electronics sector, particularly in companies prone to the cyclical nature of international markets such as Rank Xerox in Mitcheldean and Nortel Networks in Torbay. At the very end of the year it was apparent that the outbreak of foot-and-mouth disease had established a firm hold in the South West, with the potential for serious impact on both the farming and tourism sectors, each of which was economically significant to the region.

Government and European Assistance

208. During the year, 20 grant offers totalling £11.2 million were accepted towards total capital investment of £72.7 million. This was forecasted to create 2,893 jobs and safeguard 594 jobs, at an average cost per job of £3,214.

209. The Enterprise Grant Scheme encompassed both regional criteria and the South West RDA's priority sectors. During the year, 13 offers of grant were accepted, totalling £467,000 towards capital investment of £3.2 million.

210. The total funding from the EU under the Objective 1 programme in Cornwall and the Isles of Scilly amounted to over £300 million which, when taken together with match funding, was worth in the region of £700 million. About a quarter of this was aimed at supporting the business economy. Projects to the total value of approximately £100 million had been approved since the programme was launched in September 2000.

211. In addition, the Objective 2 Single Programme Document for the South West of England was approved on 19 March 2001. The programme, worth approximately £108 million, was aimed at economic regeneration under three main priority headings including neighbourhood renewal, SME development, technology and innovation, and support for traditional economies.

Report by the Chairman of the South West Industrial Development Board

212. The South West Industrial Development Board considered and supported 4 applications for RSA in the year. If all these offers were accepted, a total of £2.2 million would be awarded, associated with capital investment of £21.3 million, and the creation of 642 jobs and the safeguarding of 524 jobs, at an average cost per job of £1,865. The Board considered that all four projects were good quality and each was in a sector identified for active support by the RDA.

213. The Board took a keen interest in all RSA activity, and noted the majority of cases in the year had been in the Plymouth area. The low level of investment in Cornwall, despite the widespread availability of RSA grant and Objective 1 funds, was a matter for concern given that both may only be available for a limited period. All of the offers of grant in Cornwall were made to indigenous companies, and it is hoped that the coming year will see greater interest from inward investors.

214. More positively, the Board notes the Enterprise Grant Scheme enjoyed a successful year, and in conjunction with the SMART scheme and RSA, it was providing access to finance for companies at all stages of their development.

215. The Board remains keen to take a wider role drawing on the experience of the membership, and has welcomed invitations from the DTI during the year to join in national gatherings with members of other

regional Boards. The Board was also pleased to meet with visiting senior officials, providing a helpful opportunity to share in discussions on regional policy.

216. During the year, 3 new members were welcomed to the Board: Ruth Bagley, John Crownshaw and Victoria Pickering. In addition, John Knowles and Trevor Smallwood OBE stood down after 4 years, and Gareth Unsworth resigned in March 2001 owing to work commitments. We wish to record our thanks and appreciation for their assistance while in office.

IAN LOWE
Chairman

West Midlands

Overview

217. The last year had been a difficult period for a significant proportion of the economy of the West Midlands. The continued weakness of the Euro meant that competition remained intense for those firms with export markets in the Euro zone, or whose competitors were based there.

Industry

218. Manufacturing industry continued to make a greater percentage contribution to regional GDP and to provide a larger share of employment in the West Midlands than in any other region. Provisional data for 1999 (the most recent available) showed that the sector accounted for 29% of West Midlands GDP, compared with only 20% nationally. The latest information on sectoral employment dating from December 2000, showed that around 23% of West Midlands jobs were in the manufacturing sector at that time, as opposed to fewer than 17% of all jobs in Great Britain. In addition, much of the region's service sector was closely linked to manufacturing industry. Despite its importance to the region, manufacturing's share of the economy declined. Although manufacturing output continued to grow, it had in recent years failed to keep pace with growth in the wider regional economy. Meanwhile, productivity gains had resulted in manufacturing's demand for labour contracting at a time when overall employment had expanded, so that within the West Midlands region there was a net loss of almost 20,000 manufacturing jobs in the 9 months to December 2000, while at the same time total employment expanded by more than 30,000.

219. The year began with a cloud over the future of Rover's Longbridge plant, the largest factory in the region's largest manufacturing sector. BMW, Rover's then parent company, had announced that it intended to dispose of the company, including Longbridge, which at the time employed over 9,000, and the most likely purchaser had indicated that its plans would require perhaps 2,000 employees on site. The economic consequences for the region of this outcome could have been severe, given the scale of potential job losses at the plant and at the large number of firms in the Rover supply chain, based in Birmingham and the surrounding area. In the event however, an alternative bidder was successful and despite cuts in production and a reduction in the workforce, output and employment at Longbridge remained much higher than had been feared possible a year ago.

220. Apart from the automotive and automotive components industry, other key and emerging sectors in the region were: rubber and plastic products, which included the region's tyre manufacturers and others in the automotive industry supply chain, as well as firms serving other markets; metals, based mainly in the Black Country; engineering/fabricated metal products, mainly in Birmingham and the Black Country; food and drink, present in many areas including Birmingham and Wolverhampton, but with particular concentrations in Burton and Hereford; ceramics, the largest manufacturing sector in North Staffordshire; aerospace components in the Coventry area; business and financial services for which Birmingham was a regional centre; exhibitions and conferences, largely centred on the National Exhibition Centre and the International Convention Centre; electronic products including both consumer goods and office machinery, based mainly in Telford; and science/high technology based businesses, such as the new Marconi project in Coventry, the proposals for DERA in Malvern and the associated science park, the region's university-based science parks and software development in Solihull and Warwickshire.

221. During the year all sectors and all parts of the region experienced some redundancies, although many of the companies announcing the largest reductions in their workforce were involved in the automotive and related industries. Apart from the contraction in the workforce employed by Rover, Land Rover announced redundancies at its Solihull plant and there were also job losses at the region's 3 car tyre manufacturing plants - Goodyear in Wolverhampton, Michelin in Stoke and Dunlop in Birmingham. In addition, many SMEs and

larger companies engaged in automotive supply chains, such as TRW, also found themselves having to cut back on labour. Other notable cases of redundancies in other sectors included those at Rolls Royce (aerospace) in Coventry and Epson (computer equipment) in Telford. Once more, a number of companies in the ceramics sector in North Staffordshire also declared redundancies during the year.

Inward Investment

222. Although the region again attracted a diverse range of investments over the year, the trend continued to be for predominantly engineering and automotive projects. Known investment by overseas owned businesses was £2.2 billion, with the actual expenditure estimated to be significantly more than this. 4,770 new jobs were created and a further 20,640 safeguarded. Within the West Midlands there were 1,985 foreign-owned businesses, which employed 217,601 people and represented over 9% of the total regional workforce.

223. Notification was received of 101 new projects, nearly a 10% increase on the 92 reported for the previous year. Of these, 37 were acquisitions, 27 were expansions of existing operations, 1 was a merger and the remaining 36 were first time investments. Within the region there were 662 North American, 371 German, 213 French and 103 Japanese businesses.

Labour Market

224. Total employment (on a seasonally adjusted basis) in the region in February 2001 was little changed from that a year previously at 2.46 million. This contrasted with the national trend, as in the same period the UK employment level rose by around 300,000 or 1%.

225. The region's ILO unemployment rate however continued to decline during the year, albeit more slowly than in the previous year and more slowly than the national rate. By February 2001 the regional rate was 6%, which was 0.8% above the national rate. A year earlier the gap had been 0.5%. Claimant unemployment in the region also fell more slowly in 2000/2001 than in recent years. By February 2001 the region's claimant count stood at 108,416, which was less than 2,000 below the April 2000 figure and represented a fall of only 1.8%. The national total continued to decline rather more quickly than that of the West Midlands and fell by 6% during the same period.

226. The claimant count unemployment (not seasonally adjusted) in the West Midlands, was 4% in March 2001, compared to a UK average of 3.5%. In March 2000, the West Midlands had 4.2% compared to a UK average of 3.9%, a differential of only 0.3%. This relative worsening of the region's position was probably linked with the region's greater than average reliance on the manufacturing sector, which achieved significantly lower output growth during the year than the wider economy in general and the service sector in particular.

227. Reports of skill shortages and hard-to-fill vacancies were common in the region throughout the year, particularly in the professional services sector, with skilled engineers and IT specialists also said to be scarce. There was a perception that manufacturers had found it more difficult to recruit IT specialists than the service or IT sector companies, indicating perhaps that manufacturing may be perceived as a less desirable sector in which to work. Recruitment difficulties were not restricted to skilled workers and professionals however, and there had been reports of hard-to-fill vacancies in most sectors and occupations, including semi-skilled occupations, during the year. In those parts of the region where the labour market was tightest, firms had experienced more general recruitment difficulties. The part of the region most affected by this was the Coventry, Solihull and the south Warwickshire area, which was more strongly influenced by the economy of the South East than the rest of the West Midlands region. There were also problems in Telford, where some major employers were already drawing in labour from a large area extending into the Black Country and neighbouring counties. Even in the less economically buoyant parts of the region, some skills appeared to be in short supply.

Government Assistance

228. During the year, 43 RSA offers were accepted totalling £41.1 million. These included offers of £25 million to Marconi plc; £6.75 million to Sendo Ltd and £5 million to S&A Foods Ltd. Total associated capital investment was £372 million and 4,895 jobs were forecast to be created and 1,086 safeguarded, at an average cost per job of £6,865. All decisions were reached within speed of service targets.

229. This had been the first year of the Enterprise Grant Scheme, which replaced the RSA Scheme for grants of up to £75,000 and supported Advantage West Midlands' Regional Economic Strategy. There were 55 offers accepted, totalling £1.8 million towards projects involving capital investment of £15.1 million.

230. Taken together, the 135 applications received for RSA and Enterprise Grants was a slight increase on the 129 RSA applications made in 1999/2000.

Report by the Chairman of the West Midlands Industrial Development Board

231. The West Midlands Industrial Development Board considered a total of 7 applications for RSA from the region and supported grant totalling £8.15 million. The amount of grant approved for inward investment projects was £3.3 million compared to £11 million in 1999/2000. If all 7 projects were accepted, they would be associated with capital investment of £77.7 million, and involve the creation of 631 jobs and the safeguarding of 1,453 jobs, at an average cost per job of £3,911.

232. The Board was pleased to welcome Norman Price, a Board member of Advantage West Midlands, who became a member from January 2001. Vacancies will arise at the end of 2001 and it remains our objective to recruit more women and ethnic minority industrialists to improve the balance of the Board's membership.

JOHN HUDSON
Chairman

Yorkshire and the Humber and the East Midlands

Yorkshire and the Humber

Overview

233. In the first half of the year, early signs of a pick up in manufacturing gave way to a further slowdown in demand and output. However, in the second half of the year there were renewed signs of improvement in both performance and business confidence, underpinned by continuing stability in interest rates and improvements in the £/Euro rate, although pressures on margins remained intense. Towards the end of the year there were growing reports of rising input costs, while fierce competitive pressures and customer resistance at home and overseas continued to make it very difficult to raise output prices.

Industry

234. The service sector continued to perform strongly throughout the year, with particularly strong activity in financial and business services.

235. Farming and related businesses faced severe pressures throughout the year, culminating in the potentially disastrous impact of foot-and-mouth disease on the rural economy, particularly in North Yorkshire.

236. The steel industry struggled with global over-capacity throughout the year, with announcements of significant job losses and restructuring. Order books held up in the engineering sector, although pressures on margins intensified. A number of firms in the electronics sector performed strongly, on the back of the digital TV and video boom and strong demand for wireless infrastructure. There was no relief for the textiles and clothing sectors, where cheap imports and tough conditions on the high street continued to depress demand, and upstream activities such as dyeing and printing struggled.

237. Retail activity was generally buoyant throughout the year, particularly in key centres. At local level the Autumn rail chaos, and in particular, the disruption caused by the redevelopment of Leeds station, led to a surge in business for many out of town shopping centres. However some businesses in Leeds were badly hit and other towns on the rail network in West Yorkshire also suffered. Floods and rail disruption also affected the retail and tourism industry in York. In March 2001, the North Yorkshire tourism industry was hit by the outbreak of foot-and-mouth disease. The underlying trend in financial and business services remained positive, although Leeds' financial services were affected by the rail disruption.

238. Over the year there were some signs of weakening in investment in the engineering sector, which experienced significant consolidation activity and reduction in capacity. There was also evidence of foreign-owned businesses reviewing their investment plans, because of uncertainty over the UK's Euro intentions. Nevertheless investment plans in the manufacturing sector generally held steady throughout the year, although efficiency gains rather than increased capacity remained the main objective. The trend for manufacturing activity to move offshore, concentrating on development and niche work at home was well established.

239. Investment in ICT was very significant throughout the year in both services and manufacturing.

240. The industrial and commercial property market remained strong throughout the year, particularly in West Yorkshire. Demand for retail property was high across all sectors. Leeds and the wider Yorkshire region remained very attractive to legal and financial services and call centres.

241. The relative strength of sterling against the Euro caused problems in European markets, where exporters struggled to match local competition. In many cases market share was only retained at the expense of margins. Elsewhere there were reports of exporters being significantly undercut in world markets by European competition. The appreciation of sterling also reinforced the incentive to source and manufacture overseas, with a number of companies in the region gradually withdrawing from UK manufacture in favour of manufacturing or sourcing goods in low cost countries in Eastern Europe, Africa or Asia.

242. There were signs that firms were increasingly seeking to address the areas of added value, such as superior quality, design and service to overcome price disadvantage. Exporters were also more confident about prospects in the improving economies of South East Asia, particularly in Korea and Taiwan. USA markets held up well, although there were growing concerns towards the end of the year about the likely impact of a downturn in the USA economy.

Inward Investment

243. The promotion of inward investment played an important role in developing the competitiveness of the region and was a key plank of Yorkshire Forward's Regional Economic Strategy. A total of 7 RSA grant offers (£23.5 million) were made to inward investors, involving capital investment of £263 million and the creation or safeguarding of 2,611 jobs.

244. The region attracted 29 inward investments (including acquisitions and expansions) which were expected to lead to the creation of around 4,271 new jobs and the safeguarding of 773 existing jobs. A number of investments had also been planned, where existing inward investors were undertaking further investments leading to either the creation or safeguarding of jobs.

245. A notable success was the announcement of Insight Enterprises Inc. to establish its new European headquarters in Sheffield. The company, through its subsidiary, Insight Direct Worldwide Inc, was a leading global direct marketer of computers, hardware and software, primarily to businesses in the United States, Canada, the UK and Germany. It was hoped that the investment would kick-start an e-commerce site in Sheffield. The project should lead to capital investment of £71 million and the creation of over 1,700 new jobs. More than one-third of these will be for skilled software engineers. The investment was the largest ever single inward investment into Yorkshire and the Humber.

246. During the latter part of the year, Boeing in partnership with Sheffield University's engineering faculty and Yorkshire Forward, agreed to set up an Aerospace R&D facility. This should help establish an Aerospace Centre of Excellence in Rotherham, initially creating 80 jobs. The Centre, which would be the most advanced for materials cutting technology in the world, was the culmination of more than 12 months work by all the partners in the region.

247. Partnership work has been a key feature during the past 12 months. In particular 'aftercare' activity had been busy and a number of joint visits had taken place with the Government Office, Yorkshire Forward and local partners. The year to 31 March 2001 represented a very successful year for inward investment. The RIDB, GO, Yorkshire Forward and its partners recognised the importance of attracting and maintaining inward investors to the region and the potential impact they had on the economic competitiveness of the region.

Labour Market

248. Labour Force Survey data over the year to February 2001 showed regional employment rising by 42,000 and unemployment falling by 18,000 from 6.4% to 5.6%.

249. Wide disparities remained across the region. Unemployment rates throughout South Yorkshire and Bridlington, Bradford, Grimsby and Hull remained above the regional average, while much of North Yorkshire continued to have rates below 2%. The claimant count unemployment (not seasonally adjusted) fell to 4.4% in March 2001 from 4.9% in March 2000, compared to the UK average of 3.5% in March 2001 and 3.9% in March 2000. Unemployment fell in all TTWAs in the region apart from Scunthorpe and Hawes, which rose slightly to 4.2% and 1.3% respectively. Between March 2000 and March 2001, the largest falls were in South Yorkshire: Barnsley was down from 7% to 5.9%, Doncaster down from 6.7% to 5.8% and Sheffield & Rotherham down from 6.1% to 5.2%. Bridlington & Driffield continued to have the highest unemployment rate in the region, at 7.5% in March 2001.

250. Job shedding continued in manufacturing and particularly in engineering as the drive for greater efficiency continued. Apart from the headline cases, such as Corus and BAE Systems, reports of smaller job losses and closures were a regular feature. In the service sector there continued to be significant job growth at call centres.

251. Concerns about the tightening labour market were heard more frequently, but there was little evidence that skill shortages were a major or widespread issue. There was little change in the reported range of skills required, which included specialist engineers, IT skills in both manufacturing and services, and general managerial skills. Poor general "life skills" of school leavers was an ongoing issue.

Government and European Assistance

252. During 2000/2001, a total of 51 (1999/2000 – 159) RSA grant applications were received. A total of 48 (1999/2000 – 137) grant offers were accepted during the period. The figures are lower than for the previous year because of the changes to the RSA Scheme, which restricted RSA grants to projects with a capital cost of over £500,000.

253. The value of offers accepted amounted to £28.9 million (1999/2000 – £13.2 million) with related project costs of £300 million (1999/2000 – £183.6 million). These projects were expected to lead to the creation of 3,698 jobs and the safeguarding of 943 jobs (1999/2000 – 4,557 jobs created and 1,194 jobs safeguarded) at an average cost per job of £6,235. The above figures include a grant award of £15 million to Insight Enterprises Inc.

254. The distribution of assistance across the region showed that the majority of offers were accepted in South Yorkshire. This reflected the continued need for assistance in South Yorkshire, which had been stimulated by its designation as an Objective 1 Area for European funding.

255. A total of 179 RSA payments totalling £8 million were made in 2000/2001. Of these, 100 were final payments on projects with a total payment value of £8.3 million. These projects created or safeguarded 2,421 jobs, slightly higher than the forecast number of 2,260, which was a welcome achievement.

256. The Enterprise Grant Scheme attracted a high level of demand in its first full year of operation from SMEs. In addition to the Assisted Areas, the Scheme covered other defined areas of need known as Tier 3 areas. The focus of the Scheme, following consultation with Yorkshire Forward, was on growth businesses and the promotion of best management practice within SMEs. During 2000/2001, 94 Enterprise Grant offers were accepted, totalling a grant value of £2.8 million towards capital investment of £26.3 million. The approved projects were expected to lead to the creation of more than 500 new jobs and at least £30 million in increased sales over a 3 year period. Post-completion monitoring arrangements were set up to assess the impact of the completed projects on a sample basis.

257. The Government Office established an Objective 1 Secretariat in the Dearne Valley to handle the Objective 1 programme. The Region hoped to benefit to the tune of over £700m through Objective 1 and, by the end of the year some business support measures had already been approved.

East Midlands

Overview

258. Overall the East Midlands economy remained fairly stable over the past year and generally remained in a relatively healthy state. The outlook for 2002 remained uncertain, because the full impact of foot-and-mouth disease and any knock-on effect of the slowdown in the US economy, were yet to be fully felt.

259. Business confidence changed little over the last twelve months, and assisted by continued low inflation and falling interest rates, remained cautiously positive. Although falling slightly at the start of the year, confidence picked up towards the end of 2000 and early 2001 but started to fall back towards the end of the financial year as a result of the outbreak of foot-and-mouth disease and concerns about a possible recession in the US. Investment over the year remained generally low, reflecting the caution amongst businesses about future prospects.

Industry

260. The decline in manufacturing of the recent past continued throughout the year, particularly textiles and footwear, and to a lesser degree engineering; while the gap between the performance of the more traditional industries and the more added value niche market industries continued to widen. Construction boomed and the service sector remained buoyant.

261. The weak exchange rate of the Euro, foreign competition and cheaper outsourcing abroad made a significant impact and resulted in many high profile job losses. Textiles in particular were severely affected, following Marks and Spencer's decision to source more products from low cost producing countries. Cases of large-scale job losses in the sector, included Courtaulds across the region and Richard Roberts in Leicestershire. Coats Viyella's decision to divest itself of its clothing textile and home furnishing business, resulted in some 3,000 jobs being lost in operations in North Nottinghamshire, Derbyshire and Leicestershire. Footwear suffered a similar fate, with further job losses and factory closures being experienced within the sector, predominantly in East Northamptonshire.

262. Engineering was hit badly, with employment in the sector falling and expected to fall further, as businesses such as the US-owned group Johnson Controls moved production from Mansfield to lower cost producing countries in Eastern Europe. Other engineering companies, such as Rolls-Royce in Derby and Alstom in Lincoln, shed staff as part of restructuring programmes to reduce costs and increase efficiency, while others including BAe Royal Ordnance and Sturmev Archer in Nottingham, closed factories in the region.

263. In addition, and despite the welcome announcement of 250 new jobs by Toyota, the automotive sector generally continued to struggle, with recent reports of a slowdown in orders from the US expected to exacerbate the problem. There had however been some positive signs emerging in engineering. Favourable fluctuations in the £/\$ exchange rate and an improvement in a number of other world markets eased the situation a little, and survey evidence suggested that during the last quarter of 2000, the sector enjoyed its best quarter for four years. In addition, electrical engineering was generally performing well.

264. In contrast to the manufacturing sector, the service sector remained buoyant and active throughout the year. Demand for professional services was constantly strong and ICT companies remained active, while the leisure sector was busy throughout, although it slowed slightly in the last quarter. The financial sector had expanded significantly. Egg in Derby and Capital One in Nottingham between them created a total of over 2,500 jobs, while other call centres also expanded, with ntl in Nottingham and British Telecom in Northampton and Lincoln among those recruiting. Experian created a further 1,000 new jobs in the City of Nottingham during the year.

265. The distribution sector continued to expand with the completion of the DHL cargo facility at East Midlands Airport, and there was continued development at the Daventry International Rail Freight Terminal, while the airport itself, acquired during the year by Manchester Airport, continued its recent success, experiencing its busiest Summer ever. Retailers saw steady progress over the year, with recent reports indicating year on year sales growth of around 5 to 6% generally. Hauliers suffered earlier in the year as a result of high fuel costs, but benefited from tax changes and falling fuel prices later in the year and saw demand rise as a result of the post-Hatfield disruption to the rail network.

266. Tourism had recently been affected by the outbreak of foot-and-mouth disease, with the Peak Park area of Derbyshire being the worst hit rural area. Conversely, there were reports of increased bookings on the Lincolnshire coast and regional hotels based in the larger towns and cities, because they remained largely unaffected by the outbreak.

267. The East Midlands agricultural sector, in common with all other parts of the country, had been affected by events over the past year. The livestock sector, already suffering heavily as a consequence of BSE and the high exchange rate against the Euro (further affected by intervention prices being set in Euros, while commodity prices were set in US dollars), suffered its worst Autumn on record with the outbreak of foot-and-mouth disease, which despite few confirmed cases in the East Midlands, did have a considerably adverse impact on farmers in the region, with some reporting total losses and closure. The arable sector also suffered during the late Autumn and Winter as a consequence of adverse weather and flooding.

268. The construction sector was booming across the region. Numerous hotel, bar and leisure developments had taken place in the towns and cities, including the recent completion of the Nottingham Ice Arena, work on the Leicester Space Science Centre and hotels close to East Midlands Airport. Several of the cities were seeing new retail development, including expansion of a major department store in Nottingham, while demand for warehouse facilities and quality office space remained high. With house building busy throughout the year and significant development of the infrastructure, including the Nottingham tram system taking place, activity in the construction industry remained strong and was forecast to continue to grow over the next 5 years according to a new report from the Construction Industry Training Board.

269. More generally and in the majority of cases, price sensitivity and intensive competition meant that firms were unable to pass on increases in input costs, resulting in tighter margins. Despite a tight labour market, pay pressures generally eased as the year progressed, with settlements generally around the 3% level.

Inward Investment

270. During the year, the region attracted 19 inward investment projects (including acquisitions and expansions) which were expected to lead to the creation of around 2,100 new jobs and the safeguarding of 1,680 jobs.

Labour Market

271. Between April 2000 and the end of March 2001, over 25,000 job gains and just under 22,000 job losses were announced in the region, giving a positive jobs balance of 3,000 plus gains. The majority of losses were experienced in the manufacturing sector with Stag Furniture in Nottingham and Biwater, the concrete pipe manufacturer in Clay Cross, among several high profile cases. The Worksop area in particular suffered badly over recent months with Courtaulds, Coats Viyella and Labauto all making large-scale redundancies in the town and Ericsson recently announced a potential 950 job losses in neighbouring Carlton in Lindrick. Most of the job gains were to be found in the service sector, particularly call centres, retail, with numerous supermarkets and DIY outlets being opened, and telecommunications, with Marconi announcing 500 new jobs in Nottingham.

272. Unemployment remained consistently low, having fallen over the year but with the gap between the national and regional rates narrowing. ILO unemployment in the region fell by 0.7% (identical to the rate of decrease nationally) to stand at 4.9% (UK: 5.2%).

273. Claimant count unemployment (not seasonally adjusted) in the East Midlands fell to 3.5% in March 2001 from 3.8% in March 2000, while the UK figure fell to 3.5% from 3.9% over the same period. At a more local level, the Chesterfield TTWA consistently remained one of the region's highest unemployment areas, having seen unemployment in March 2001 at 6.0%. Gainsborough also suffered badly with a rate of 6.2% in March 2001.

274. More positively, Stamford TTWA fell from 1.5% in March 2000 to 1.2% in March 2001, and in the same period, Spalding & Holbeach TTWA fell from 2.0% in March 2000 to 1.5% in March 2001. These two areas consistently remained the areas of lowest unemployment in the East Midlands.

275. Skill shortages continued to exist in the region, with low unemployment in southern areas resulting in recruitment difficulties even for the most basic jobs. Skilled staff, particularly mechanics, engineers, electricians and all skilled construction trades and professional staff were in short supply, while call centres experienced difficulty in attracting suitable staff. Skilled textile machinists were proving difficult to fill, possibly due to a perceived lack of security offered by this declining sector. Meanwhile, many of the new jobs being created in the region were of a different nature to those being lost, creating skill shortages and higher demand for unskilled vacancies in some local areas.

Government and European Assistance

276. During 2000/2001, 24 RSA grant offers were accepted, totalling £11.6 million towards capital investment of £108 million. It was expected that 1,970 jobs would be created and 514 jobs safeguarded, at an average cost per job of £4,680. Included in these figures was the £6.6 million RSA grant offered to the US-owned Capital One Bank, supporting its £52 million investment to expand its Nottingham operation which would create 1,200 new jobs.

277. There were 72 offers of Enterprise Grant accepted. The total value of grant accepted was £2.28 million against capital investment of £17.77 million. Around two-thirds of the Enterprise Grant applications received were from businesses located in the European Regional Development Fund (ERDF) Objective 2 area, with the remaining third originating from rural areas overly dependent on tourism and primary agriculture.

Report by the Chairman of the Yorkshire and the Humber and the East Midlands Industrial Development Board

278. The Board believes that RSA has played a significant role in securing additional capital investment in the Yorkshire and Humber and East Midlands regions. The Board considered a total of 11 applications for these regions and supported grant totalling £5.5 million. If all these offers were accepted they would be associated with capital investment of £48.4 million, and involve the creation of 965 jobs and the safeguarding of 144 jobs at an average cost per job of £4,964.

279. Tony Hailey and Paul Hubbard both left the Board during the year due to work commitments. We wish to record our appreciation for their past services. In January, 2 new Board members were appointed: Peter Cliff

and Stephen Good. Both these appointees were from the chemicals sector, a sector not previously represented on the Board.

280. The current make-up of the Board is 31% female and 8% ethnic minorities. The Board has a membership of 13, which includes the Chairman, and comes from a variety of different backgrounds helping to meet the Government's diversity aims.

JULIE KENNY
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/her under Part III of this Act or Part II of that Act or, as the case may be, under Part III of that Act and in the latter case shall include liabilities under guarantees given under section 7 of the Shipbuilding Industry Act 1967.

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

APPENDIX 2

TABLE 1 RSA SCHEME - PROJECT GRANTS BY ASSISTED AREAS
 APPLICATIONS RECEIVED 1 APRIL 2000 TO 31 MARCH 2001
 CUMULATIVE APPLICATIONS RECEIVED 1 APRIL 1991 TO 31 MARCH 2001

Country/Region	Applications Received 1.4.00 to 31.3.01								Cumulative Applications Received 1.4.91 to 31.3.01							
	Tier 1 ⁽¹⁾ Areas		Tier 2 ⁽¹⁾ Areas		All Assisted Areas		Development ⁽²⁾ Areas		Intermediate ⁽²⁾ Areas		Tier 1 ⁽¹⁾ Areas		Tier 2 ⁽¹⁾ Areas		All Assisted Areas	
	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)	No.	Value (£'000)
Great Britain	224	177,220	321	410,832	545	588,052	8,946	3,766,438	7,924	1,569,407	224	177,220	321	410,832	17,415	5,923,897
Scotland	-	-	76	77,144	76	77,144	2,216	1,389,267	245	150,216	-	-	76	77,144	2,537	1,616,627
Wales	155	131,624	45	28,431	200	160,055	811	494,491	1,058	421,238	155	131,624	45	28,431	2,069	1,075,784
England	69	45,596	200	305,257	269	350,853	5,919	1,882,680	6,621	997,953	69	45,596	200	305,257	12,809	3,231,486
East	-	-	11	2,968	11	2,968	-	-	245	21,846	-	-	11	2,968	256	24,814
East Midlands	-	-	27	30,100	27	30,100	232	49,062	586	63,296	-	-	27	30,100	845	142,458
London	-	-	9	2,062	9	2,062	-	-	351	43,744	-	-	9	2,062	360	45,806
North East	-	-	42	45,420	42	45,420	2,331	618,380	176	61,919	-	-	42	45,420	2,549	725,719
North West	34	15,070	45	75,351	79	90,421	1,694	541,915	1,742	215,711	34	15,070	45	75,351	3,515	848,047
South East	-	-	6	3,108	6	3,108	166	28,405	364	50,889	-	-	6	3,108	536	82,402
South West	4	1,317	9	8,823	13	10,140	239	47,239	432	83,191	4	1,317	9	8,823	684	140,570
West Midlands	-	-	31	81,547	31	81,547	700	439,158	1,557	306,945	-	-	31	81,547	2,288	827,650
Yorkshire and the Humber	31	29,209	20	55,878	51	85,087	557	158,521	1,168	150,412	31	29,209	20	55,878	1,776	394,020

⁽¹⁾ Tier 1 and 2 Areas effective from 1 January 2000

⁽²⁾ Until 31 December 1999, the Assisted Areas were known as Development Areas (DA) and Intermediate Areas (IA)

TABLE 2 RSA SCHEME - PROJECT GRANTS BY ASSISTED AREA
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1991 ⁽¹⁾ TO 31 MARCH 2001

Country	Offers Accepted 1.4.00 to 31.3.01						Cumulative Offers Accepted 1.4.91 to 31.3.01					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽²⁾		Payments 1.4.00 to 31.3.01 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽²⁾		Payments 1.4.91 to 31.3.01 ⁽³⁾ (£'000)
				New	Safeguarded					New	Safeguarded	
Great Britain:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	10,664
Development Area ⁽⁴⁾	6	3,780	15,596	318	111	155,627	6,683	1,968,855	16,281,486	217,994	82,682	1,537,819
Intermediate Area ⁽⁴⁾	10	8,168	384,430	1,467	2	51,976	5,650	836,664	10,455,985	144,867	78,867	672,835
Tier 1 ⁽⁵⁾	170	105,223	501,988	9,493	4,108	5,855	170	105,223	501,988	9,493	4,108	5,855
Tier 2 ⁽⁵⁾	386	290,436	2,537,662	28,253	15,140	6,236	386	290,436	2,537,662	28,253	15,140	6,236
Total	572	407,607	3,439,676	39,531	19,361	219,694	12,889	3,201,178	29,777,121	400,607	180,797	2,233,409
Scotland:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	3,525
Development Area ⁽⁴⁾	-	-	-	-	-	68,052	1,776	912,912	7,815,995	93,477	27,693	629,479
Intermediate Area ⁽⁴⁾	-	-	-	-	-	1,785	183	68,989	565,972	7,091	6,612	51,558
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	116	104,750	518,844	9,639	5,563	-	116	104,750	518,844	9,639	5,563	-
Total	116	104,750	518,844	9,639	5,563	69,837	2,075	1,086,651	8,900,811	110,207	39,868	684,562
Wales:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	1,574
Development Area ⁽⁴⁾	6	3,780	15,596	318	111	15,755	647	333,679	1,570,201	26,130	13,087	311,569
Intermediate Area ⁽⁴⁾	10	8,168	384,430	1,467	2	17,034	887	336,478	4,900,100	49,612	19,749	240,217
Tier 1 ⁽⁵⁾	106	69,613	247,611	5,037	1,818	4,450	106	69,613	247,611	5,037	1,818	4,450
Tier 2 ⁽⁵⁾	30	16,041	114,063	1,196	1,557	-	30	16,041	114,063	1,196	1,557	-
Total	152	97,602	761,700	8,018	3,488	37,239	1,670	755,811	6,831,975	81,975	36,211	557,810
England:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	5,565
Development Area ⁽⁴⁾	-	-	-	-	-	71,820	4,260	722,264	6,895,290	98,387	41,902	596,771
Intermediate Area ⁽⁴⁾	-	-	-	-	-	33,157	4,580	431,197	4,989,913	88,164	52,506	381,060
Tier 1 ⁽⁵⁾	64	35,610	254,377	4,456	2,290	1,405	64	35,610	254,377	4,456	2,290	1,405
Tier 2 ⁽⁵⁾	240	169,645	1,904,755	17,418	8,020	6,236	240	169,645	1,904,755	17,418	8,020	6,236
Total	304	205,255	2,159,132	21,874	10,310	112,618	9,144	1,358,716	14,044,335	208,425	104,718	991,037

⁽¹⁾ Information prior to 1991-92 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.

⁽⁴⁾ Until 31 December 1999, the Assisted Areas were known as Development Areas (DA) and Intermediate Areas (IA)

⁽⁵⁾ Tier 1 and 2 Areas effective from 1 January 2000.

TABLE 3 RSA SCHEME - PROJECT GRANTS BY ASSISTED AREAS IN ENGLISH REGIONS
 OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001
 CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1991 ⁽¹⁾ TO 31 MARCH 2001

Region	Offers Accepted 1.4.00 to 31.3.01						Cumulative Offers Accepted 1.4.91 to 31.3.01					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽²⁾		Payments 1.4.00 to 31.3.01 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽²⁾		Payments 1.4.91 to 31.3.01 ⁽³⁾ (£'000)
				New	Safeguarded					New	Safeguarded	
East:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate Area ⁽⁴⁾	-	-	-	-	-	840	180	9,958	71,065	2,288	1,465	7,425
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	8	1,969	13,148	290	221	-	8	1,969	13,148	290	221	-
East Midlands:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	765	158	17,396	145,691	3,811	550	14,507
Intermediate Area ⁽⁴⁾	-	-	-	-	-	3,528	410	32,141	373,159	7,000	5,672	21,573
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	24	11,626	108,025	1,970	514	788	24	11,626	108,025	1,970	514	788
London:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate Area ⁽⁴⁾	-	-	-	-	-	1,212	206	18,222	146,910	4,676	2,200	13,408
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	9	1,147	29,926	182	199	69	9	1,147	29,926	182	199	69
North East:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	5,565
Development Area ⁽⁴⁾	-	-	-	-	-	16,817	1,806	266,743	3,349,418	42,776	10,330	259,363
Intermediate Area ⁽⁴⁾	-	-	-	-	-	2,298	129	14,229	152,089	3,201	1,727	14,898
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	47	86,460	1,067,770	3,857	4,355	4,409	47	86,460	1,067,770	3,857	4,355	4,409
North West:												
Special Development Area	-	-	-	-	-	22,327	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	6,933	1,109	202,285	1,640,065	24,232	17,937	156,303
Intermediate Area ⁽⁴⁾	-	-	-	-	-	760	1,226	104,423	1,444,782	20,795	16,850	87,709
Tier 1 ⁽⁵⁾	27	11,973	97,546	1,392	1,230	-	27	11,973	97,546	1,392	1,230	760
Tier 2 ⁽⁵⁾	54	8,006	60,154	1,875	826	323	54	8,006	60,154	1,875	826	323
South East:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	1,243	121	15,921	127,570	2,211	484	9,198
Intermediate Area ⁽⁴⁾	-	-	-	-	-	2,704	255	21,567	341,421	5,482	2,315	15,710
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	24	2,871	37,638	822	342	47	24	2,871	37,638	822	342	47
South West:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	687	172	28,012	104,020	3,190	983	22,948
Intermediate Area ⁽⁴⁾	-	-	-	-	-	3,034	318	50,974	422,431	11,139	3,670	37,357
Tier 1 ⁽⁵⁾	6	1,837	7,091	186	238	275	6	1,837	7,091	186	238	275
Tier 2 ⁽⁵⁾	14	9,369	65,642	2,707	356	-	14	9,369	65,642	2,707	356	-
West Midlands:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	26,042	485	125,096	801,770	10,518	9,654	75,504
Intermediate Area ⁽⁴⁾	-	-	-	-	-	9,297	1,027	111,329	1,241,572	19,067	10,470	122,418
Tier 1 ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 ⁽⁵⁾	43	41,059	372,224	4,895	1,086	175	43	41,059	372,224	4,895	1,086	175
Yorkshire and the Humber:												
Special Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Development Area ⁽⁴⁾	-	-	-	-	-	3,939	409	66,811	726,756	11,649	1,964	58,948
Intermediate Area ⁽⁴⁾	-	-	-	-	-	3,311	829	68,354	796,484	14,516	8,137	60,562
Tier 1 ⁽⁵⁾	31	21,800	149,740	2,878	822	370	31	21,800	149,740	2,878	822	370
Tier 2 ⁽⁵⁾	17	7,138	150,228	820	121	425	17	7,138	150,228	820	121	425

⁽¹⁾ Information prior to 1991-92 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.

⁽⁴⁾ Until 31 December 1999, the Assisted Areas were known as Development Areas (DA) and Intermediate Areas (IA).

⁽⁵⁾ Tier 1 and 2 Areas effective from 1 January 2000.

TABLE 4 RSA SCHEME - PROJECT GRANTS - EMPLOYMENT
CUMULATIVE OFFERS ACCEPTED 1 APRIL 1991 TO 31 MARCH 1999
PAYMENTS AND EMPLOYMENT CREATED OR SAFEGUARDED 1 APRIL 1991 TO 31 MARCH 1999

Country/Region	Offers Accepted 1.4.91 to 31.3.99			Offers Accepted 1.4.91 to 31.3.99 where some payment made up to 31.3.01			Total Payments to 31.3.01 (£'000)	Employment created and safeguarded to 31.3.01
	No.	Value (£'000)	Forecast ⁽¹⁾ Employment	No.	Value (£'000)	Forecast ⁽¹⁾ Employment		
Great Britain	11,073	2,485,393	454,842	9,585	2,193,652	376,853	1,656,169	345,474
Scotland	1,705	840,256	114,449	1,380	708,035	93,987	494,134	79,181
Wales	1,378	604,471	95,067	1,167	545,136	84,556	387,584	67,883
England	7,990	1,040,666	245,326	7,038	940,481	198,310	774,451	198,410
East	160	8,607	3,291	142	7,492	2,787	6,692	2,787
East Midlands	486	41,389	14,369	397	34,890	10,694	31,097	10,694
London	181	16,986	6,338	141	15,182	5,580	12,848	5,580
North East	1,741	250,955	51,235	1,513	225,976	41,538	195,769	41,538
North West	2,111	276,359	69,474	1,890	244,808	57,315	196,399	57,315
South East	328	32,960	9,099	287	27,491	7,445	22,827	7,545
South West	464	72,569	15,715	404	63,879	12,182	48,974	12,182
West Midlands	1,419	219,025	45,350	1,254	207,276	36,327	165,936	36,327
Yorkshire and the Humber	1,100	121,816	30,455	1,010	113,487	24,442	93,909	24,442

⁽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 1991 ⁽¹⁾ TO 31 MARCH 2001

Standard Industrial Classification (SIC) 1992		Cumulative Offers Accepted 1.4.91 to 31.3.01				
Class/Description	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽²⁾		Payments 1.4.91 to 31.3.01 ⁽³⁾ (£'000)
				New	Safeguarded	
01-05 Agriculture, hunting, forestry and fishing	33	3,758	53,899	439	591	2,040
10-14 Mining & Quarrying	33	5,735	53,054	532	240	3,379
15-37 Manufacturing:						
15-16 Food, beverages & tobacco	916	212,284	1,531,622	30,965	16,069	155,625
17-19 Textiles, clothing, leather & footwear	825	95,784	623,924	17,402	10,547	77,234
20-22 Wood, paper, printing & publishing	1,148	163,488	1,674,314	17,848	11,867	128,898
23-25 Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	1,424	363,121	3,633,251	37,240	24,037	266,687
26 Non-metallic mineral products	376	77,506	1,162,314	8,684	6,739	41,817
27-28 Metals & fabricated metal products	2,397	233,374	1,932,123	34,550	17,943	187,608
29 Machinery & equipment nes	1,173	216,718	1,573,348	26,166	15,751	160,071
30-33 Electrical & optical equipment	1,334	966,921	11,028,762	97,797	31,091	602,276
34-35 Transport equipment	555	440,818	3,603,072	31,345	33,095	349,515
36-37 Other manufacturing	683	65,159	437,470	11,890	3,419	44,464
40-41 Electricity, gas & water supply	9	3,773	17,950	196	564	1,361
45 Construction	243	14,075	147,777	3,753	754	9,822
50-52 Wholesale & retail trade, repairs	549	58,443	466,805	12,333	2,762	43,464
55 Hotels & restaurants	34	3,894	24,791	1,101	334	2,636
60-64 Transport, storage & communication	159	42,388	263,231	14,252	1,016	17,564
65-67 Financial intermediation	60	101,801	755,805	24,104	1,190	47,746
70-74 Real estate, renting & business activities	728	113,189	660,599	26,131	1,858	58,763
75-99 Other Services	210	18,949	133,010	3,879	930	32,439
Total	12,889	3,201,178	29,777,121	400,607	180,797	2,233,409

⁽¹⁾ Information on closed schemes and on Project Grants prior to 1991-92 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 RSA - SCHEME PROJECT GRANTS BY COUNTRY
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1997-98 TO 2000-01

Country	Financial year of application, acceptance or payment	Applications		Offers accepted ⁽¹⁾					
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast ⁽²⁾ Employment		Payments ⁽³⁾ (£'000)
							New	Safeguarded	
Great Britain:	1997-98	1,762	559,656	1,342	451,472	6,370,737	53,826	21,911	267,349
	1998-99	1,600	603,655	1,213	248,652	2,247,458	34,772	13,114	265,470
	1999-00	1,595	590,162	1,231	307,103	2,225,178	48,259	19,054	185,684
	2000-01	545	588,052	572	407,607	3,439,676	39,531	19,361	219,694
Scotland:	1997-98	274	173,652	232	170,978	2,748,382	18,252	3,725	76,501
	1998-99	265	112,069	216	72,872	448,706	8,706	2,606	74,204
	1999-00	348	282,983	254	142,445	716,703	15,266	5,298	51,998
	2000-01	76	77,144	116	104,750	518,844	9,639	5,563	69,837
Wales:	1997-98	163	77,753	141	112,571	1,828,007	12,216	2,377	75,674
	1998-99	142	64,673	121	47,548	436,496	7,882	1,054	79,886
	1999-00	172	120,912	139	53,497	302,424	7,979	3,500	44,963
	2000-01	200	160,055	152	97,602	761,700	8,018	3,488	37,239
England:	1997-98	1,325	308,251	969	167,923	1,794,348	23,358	15,809	115,174
	1998-99	1,193	426,913	876	128,232	1,362,256	18,384	9,454	111,380
	1999-00	1,075	186,267	838	111,161	1,206,051	25,014	10,256	88,723
	2000-01	269	350,853	304	205,255	2,159,132	21,874	10,310	112,618

⁽¹⁾ Accepted in period shown; includes projects for which the application was received in an earlier year. Revision 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 RSA SCHEME - PROJECT GRANTS IN ENGLISH REGIONS
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 1997-98 TO 2000-01

Region	Financial year of application, acceptance or payment	Applications		Offers accepted ⁽¹⁾					
		No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast ⁽²⁾ Employment		Payments ⁽³⁾ (£'000)
							New	Safeguarded	
East:	1997-98	23	1,618	15	456	5,321	203	15	1,970
	1998-99	29	2,372	22	661	5,495	287	17	691
	1999-00	24	2,059	20	1,351	14,912	403	59	545
	2000-01	11	2,968	8	1,969	13,148	290	221	840
East Midlands:	1997-98	127	12,232	97	8,238	91,114	1,782	843	7,312
	1998-99	122	15,167	81	7,063	60,482	1,386	321	6,355
	1999-00	121	13,743	80	8,086	83,782	1,151	1,498	3,842
	2000-01	27	30,100	24	11,626	108,025	1,970	514	5,081
London:	1997-98	51	5,301	36	2,842	20,499	899	275	2,500
	1998-99	38	4,184	22	1,219	10,458	381	169	3,075
	1999-00	43	4,057	25	1,237	9,025	353	185	2,266
	2000-01	9	2,062	9	1,147	29,926	182	199	1,281
North East:	1997-98	276	35,021	204	18,004	152,901	4,859	1,000	35,915
	1998-99	254	88,952	213	25,402	276,116	4,491	1,225	19,662
	1999-00	223	51,304	188	29,597	246,683	5,271	1,413	17,378
	2000-01	42	45,420	47	86,460	1,067,770	3,857	4,355	23,524
North West:	1997-98	324	155,199	222	78,921	717,026	6,587	9,374	20,464
	1998-99	288	54,763	187	27,564	550,075	4,775	3,066	27,618
	1999-00	274	43,514	222	30,318	426,949	6,242	4,124	25,446
	2000-01	79	90,421	81	19,979	157,700	3,267	2,056	30,343
South East:	1997-98	71	4,451	50	5,481	156,151	1,694	75	4,243
	1998-99	65	9,601	40	4,825	35,643	845	79	3,240
	1999-00	63	7,375	48	4,528	46,324	954	439	5,012
	2000-01	6	3,108	24	2,871	37,638	822	342	3,994
South West	1997-98	47	12,526	44	6,417	61,504	1,549	222	4,032
	1998-99	41	22,022	38	13,877	88,313	1,130	1,496	9,222
	1999-00	39	11,400	26	6,417	52,416	2,626	641	4,152
	2000-01	13	10,140	20	11,206	72,733	2,893	594	3,996
West Midlands:	1997-98	201	60,262	137	34,341	431,831	2,445	2,777	28,257
	1998-99	177	203,370	120	33,764	198,109	2,283	1,701	30,216
	1999-00	129	31,651	92	16,450	142,338	3,457	703	20,397
	2000-01	31	81,547	43	41,059	372,224	4,895	1,086	35,514
Yorkshire and the Humber	1997-98	205	21,641	164	13,223	157,971	3,340	1,228	10,481
	1998-99	179	26,482	153	13,857	137,565	2,806	1,380	11,301
	1999-00	159	21,164	137	13,177	183,622	4,557	1,194	9,685
	2000-01	51	85,087	48	28,938	299,968	3,698	943	8,045

⁽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 RSA SCHEME - PROJECT GRANTS BY UK AND FOREIGN OWNED COMPANIES
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 1991 TO 31 MARCH 2001

Country/ Region	Offers Accepted 1.4.00 to 31.3.01						Cumulative Offers Accepted 1.4.91 to 31.3.01					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽¹⁾		Payments 1.4.00 to 31.3.01 (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽¹⁾		Payments 1.4.91 to 31.3.01 ⁽²⁾ (£'000)
				New	Safeguarded					New	Safeguarded	
Great Britain												
UK Owned	450	146,538	1,036,981	19,126	8,056	95,477	11,470	1,500,922	11,153,777	246,234	99,453	1,081,306
Foreign Owned	122	261,069	2,402,695	20,405	11,305	124,217	1,419	1,700,256	18,623,344	154,373	81,344	1,152,103
Total	572	407,607	3,439,676	39,531	19,361	219,694	12,889	3,201,178	29,777,121	400,607	180,797	2,233,409
Scotland:												
UK Owned	62	28,708	131,858	2,262	2,312	25,158	1,608	448,707	2,559,790	53,439	22,232	289,130
Foreign Owned	54	76,042	386,986	7,377	3,251	44,679	467	637,944	6,341,021	56,768	17,636	395,432
Total	116	104,750	518,844	9,639	5,563	69,837	2,075	1,086,651	8,900,811	110,207	39,868	684,562
Wales:												
UK Owned	132	43,964	227,807	4,396	1,603	18,061	1,341	313,687	1,916,299	43,258	16,529	246,840
Foreign Owned	20	53,638	533,893	3,622	1,885	19,178	329	442,124	4,915,676	38,717	19,682	310,970
Total	152	97,602	761,700	8,018	3,488	37,239	1,670	755,811	6,831,975	81,975	36,211	557,810
England:												
UK Owned	256	73,866	677,316	12,468	4,141	52,258	8,521	738,528	6,677,688	149,537	60,692	545,336
Foreign Owned	48	131,389	1,481,816	9,406	6,169	60,360	623	620,188	7,366,647	58,888	44,026	445,701
Total	304	205,255	2,159,132	21,874	10,310	112,618	9,144	1,358,716	14,044,335	208,425	104,718	991,037
East:												
UK Owned	6	1,399	9,636	270	87	804	181	11,049	77,015	2,428	1,552	7,311
Foreign Owned	2	570	3,512	20	134	40	7	878	7,199	150	134	113
East Midlands:												
UK Owned	20	4,374	43,778	712	419	3,397	558	43,268	453,281	10,121	4,919	29,885
Foreign Owned	4	7,252	64,247	1,258	95	1,718	34	17,894	173,594	2,660	1,817	6,984
London:												
UK Owned	9	1,147	29,926	182	199	1,065	206	15,086	137,152	4,310	1,423	10,045
Foreign Owned	-	-	-	-	-	116	9	4,283	39,684	548	976	3,432
North East:												
UK Owned	36	7,667	72,487	1,455	314	11,066	1,838	158,916	1,457,027	32,245	7,538	131,076
Foreign Owned	11	78,793	995,283	2,402	4,041	11,985	144	208,515	3,112,250	17,589	8,874	153,160
North West:												
UK Owned	75	11,364	102,096	2,296	1,278	11,848	2,283	191,736	1,715,183	37,787	21,361	145,548
Foreign Owned	6	8,615	55,604	971	778	18,580	133	134,952	1,527,364	10,507	15,482	99,546
South East:												
UK Owned	24	2,871	37,638	822	342	1,502	384	27,424	263,450	6,063	2,795	17,650
Foreign Owned	-	-	-	-	-	3,016	16	12,935	243,179	2,452	346	7,306
South West:												
UK Owned	14	3,776	26,013	1,423	305	3,165	452	49,449	303,262	10,697	3,139	37,001
Foreign Owned	6	7,430	46,720	1,470	289	849	58	40,744	295,921	6,525	2,108	23,578
West Midlands:												
UK Owned	32	33,385	268,360	3,837	593	14,777	1,427	140,032	1,177,627	23,306	9,348	83,222
Foreign Owned	11	7,674	103,864	1,058	493	20,899	128	137,453	1,237,939	11,174	11,862	114,876
Yorkshire and the Humber:												
UK Owned	40	7,883	87,382	1,471	604	4,634	1,192	101,568	1,093,691	22,580	8,617	83,598
Foreign Owned	8	21,055	212,586	2,227	339	3,158	94	62,534	729,517	7,283	2,427	36,706

⁽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 APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 2000 TO 31 MARCH 2001
 CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 1991 TO 31 MARCH 2001

Country/Region	Applications Rejected and Withdrawn 1.4.00 to 31.3.01			Cumulative Applications Rejected and Withdrawn 1.4.91 to 31.3.01				
	Tier 1 ⁽¹⁾	Tier 2 ⁽²⁾	Total	DA ⁽³⁾	IA ⁽³⁾	Tier 1 ⁽³⁾	Tier 2 ⁽³⁾	Total
Great Britain	24	66	90	1,807	1,722	24	66	3,619
Scotland	-	35	35	293	38	-	35	366
Wales	15	3	18	148	131	15	3	297
England	9	28	37	1,366	1,553	9	28	2,956
East	-	-	-	-	51	-	-	51
East Midlands	-	7	7	62	136	-	7	205
London	-	3	3	-	88	-	3	91
North East	-	2	2	475	45	-	2	522
North West ⁽¹⁾	4	8	12	466	364	4	8	842
South East	-	-	-	21	58	-	-	79
South West	-	-	-	74	107	-	-	181
West Midlands	-	1	1	159	422	-	1	582
Yorkshire and the Humber	5	7	12	109	282	5	7	403

⁽¹⁾ Tier 1 and 2 Areas effective from January 2000.

⁽²⁾ Until 31 December 1999, the Assisted Areas were known as Development Areas (DA) and Intermediate Areas (IA).

⁽³⁾ Tier 1 and 2 Areas effective from 1 January 2000.

APPENDIX 3

TABLE 1 ENTERPRISE GRANT SCHEME AND INVEST FOR GROWTH ⁽¹⁾ SCHEME BY ASSISTED AREAS

Country/Region	Applications Received from 1 April 2000 to 31 March 2001	
	No.	Value (£'000)
Great Britain	945	36,602
Scotland ⁽¹⁾	136	6,760
Wales ⁽²⁾	-	-
England	809	29,842
East	14	609
East Midlands	112	4,328
London	25	1,067
North East	133	4,077
North West	185	7,093
South East	59	2,080
South West	33	1,402
West Midlands	104	4,207
Yorkshire and the Humber	144	4,979

⁽¹⁾ The Invest For Growth Scheme is run solely by the Scottish Executive.

⁽²⁾ In Wales, the need to introduce a small grant scheme is under consideration.

TABLE 2 ENTERPRISE GRANT SCHEME AND INVEST FOR GROWTH SCHEME ⁽¹⁾ OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001

Country	No.	Value (£'000)	Associated Project Costs (£'000)	Payments 1.4.00 to 31.3.01 (£'000)
Great Britain:	554	18,255	139,555	3,856
Scotland: ⁽¹⁾	62	3,022	14,710	217
Wales: ⁽²⁾	-	-	-	-
England:	492	15,233	124,845	3,639

⁽¹⁾ The Invest For Growth Scheme is run solely by the Scottish Executive.

⁽²⁾ In Wales, the need to introduce a small grant scheme is under consideration.

TABLE 3 ENTERPRISE GRANTS BY ASSISTED AREAS IN ENGLISH REGIONS OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001

Region	No.	Value (£'000)	Associated Project Costs (£'000)	Payments 1.4.00 to 31.3.01 (£'000)
East:	9	310	2,174	107
East Midlands:	72	2,271	17,762	598
London:	11	344	3,031	-
North East:	120	3,288	24,539	773
North West:	93	3,151	26,523	740
South East:	25	830	6,299	73
South West:	13	467	3,118	34
West Midlands:	55	1,779	15,142	345
Yorkshire and the Humber:	94	2,793	26,257	969

TABLE 4 ENTERPRISE GRANTS AND INVEST IN GROWTH GRANTS ⁽¹⁾
IN GREAT BRITAIN BY TYPE OF INDUSTRY
OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2000 TO 31 MARCH 2001

<i>Standard Industrial Classification (SIC) 1992</i>		<i>Cumulative Offers Accepted 1.4.00 to 31.3.01</i>		
<i>Class/Description</i>	<i>No.</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Payments 1.4.00 to 31.3.01⁽²⁾ (£'000)</i>
01-05 Agriculture, hunting, forestry and fishing	-	-	-	-
10-14 Mining & Quarrying	3	136	1,155	20
15-37 Manufacturing:				
15-16 Food, beverages & tobacco	32	1,188	9,344	299
17-19 Textiles, clothing, leather & footwear	20	634	4,857	88
20-22 Wood, paper, printing & publishing	65	2,241	17,936	708
23-25 Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	53	1,954	16,777	473
26 Non-metallic mineral products	12	436	2,963	189
27-28 Metals & fabricated metal products	110	3,474	26,603	879
29 Machinery & equipment nes	47	1,332	10,515	209
30-33 Electrical & optical equipment	40	1,262	9,630	96
34-35 Transport equipment	13	606	3,813	47
36-37 Other manufacturing	34	910	7,301	171
40-41 Electricity, gas & water supply	-	-	-	-
45 Construction	19	452	3,201	167
50-52 Wholesale & retail trade, repairs	32	1,124	8,010	159
55 Hotels & restaurants	1	54	360	-
60-64 Transport, storage & communication	7	234	1,879	54
65-67 Financial intermediation	1	18	121	-
70-74 Real estate, renting & business activities	50	1,713	11,586	286
75-99 Other Services	15	487	3,504	11
Total	554	18,255	139,555	3,856

⁽¹⁾ The Invest For Growth Scheme is run solely by the Scottish Executive.

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

TABLE 5 ENTERPRISE GRANT SCHEME AND INVESTMENT FOR
GROWTH SCHEME⁽¹⁾ APPLICATIONS REJECTED AND WITHDRAWN
1 APRIL 2000 TO 31 MARCH 2001

<i>Country/Region</i>	<i>All Assisted Areas</i>
Great Britain	182
Scotland ⁽¹⁾	33
Wales ⁽²⁾	-
England	149
East	2
East Midlands	33
London	10
North East	2
North West	38
South East	2
South West	5
West Midlands	15
Yorkshire and the Humber	42

⁽¹⁾ The Invest For Growth Scheme is run solely by the Scottish Executive.

⁽²⁾ In Wales, the need to introduce a small grant scheme is under consideration.

Financial Assistance under section 13 of the Industrial Development Act 1982

IMPROVEMENT OF BASIC SERVICES IN THE ASSISTED AREAS

(The figures represent the position at the 31 March 2001 for those applications approved during the year. Figures for previous assistance under section 13 are available in earlier Annual Reports.)

Service	Applications					Applications Approved			
	Brought Forward from 1999–2000	Received in 2000–2001	Rejected	Withdrawn	Under Consideration	Number	Estimated Cost (£)	Estimated Grant (£)	
Department of the Environment, Transport and the Regions	Roads	2	4	nil	1	3	2	1,941,000	582,000
	Water and Sewerage	10	2	nil	nil	4	8 ⁽¹⁾	4,375,000	413,000
Scottish Executive Development Department Environment Department	Roads	3	3	nil	nil	2	4 ⁽²⁾	2,701,000	810,000
	Water and Sewerage	6	nil	nil	nil	6 ⁽³⁾	nil	nil	nil
National Assembly for Wales	Roads	1	nil	nil	nil	nil	1	2,183,000	655,000
	Water	2	nil	nil	nil	2	nil	nil	nil
	Sewerage	1	nil	nil	nil	nil	1	307,000	92,000
Total		25	9	nil	1	17	16 ⁽⁴⁾	11,507,000	2,552,000

⁽¹⁾ 6 offers were approved and 2 offers were approved in principal

⁽²⁾ The 2 remaining cases were approved in previous years, but the full grant has not yet been requested from the Local Authorities concerned.

⁽³⁾ No grants approved in the financial year. Outstanding cases awaiting paperwork from the Water Authorities before consideration can be given.

⁽⁴⁾ Includes 2 offers made in principal and 2 cases approved in previous years.

APPENDIX 5

Chairmen and Members of the Industrial Development Advisory Boards and Regional 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 2001:

Scottish Industrial Development Advisory Board

Chairman

Mr J J G Good CBE

Chairman & Chief Executive, Edrington Holdings Ltd

Members

Mr I P Bankier

Group Managing Director, Burn Stewart Distillers Ltd

Mr D R Campbell

Enterprise Ayrshire

Mr D M Gray

Chairman, DTZ Piedad Consultancy Ltd

Mr V Lall

Corporate Finance Director, Bell Laurie Wise Speke

Mr J McColl

Chairman & Chief Executive, Clyde Blowers plc

Dr D McKay

Managing Director, FCI Systems & Assembly Division Europe

Professor J Murray

Former Head of Mechanical Engineering, Heriot Watt University

Mr J Quigley

Regional Officer, Amalgamated Engineering & Electrical Union

Mrs M Seymour

Managing Director, Seymour Swimming Pool Engineers

Mr P Timms CBE

Chairman & Managing Director, Flexible Technology Ltd

Members

Mr M Beverley

UK Regional Managing Partner, Arthur Andersen

Sir David Brown

Chairman, Motorola Ltd

Mr R Carr

Chairman, Chubb plc

Miss R Hedley-Miller

Vice Chairman, Dresdner Kleinwort Wasserstein

Mr S Hollis

Senior Partner, KPMG, Birmingham

Sir Michael Lickiss

Chairman, South West of England Regional Development Agency

Mr G Page CBE

Chief Executive, Cobham plc

Lord Paul

Chairman, Caparo Group Ltd

Mr J Robinson

Chairman, George Wimpey plc

Mr B Sanderson CBE

Chairman, Learning and Skills Council

Mr R Swannell

Vice Chairman, Schroder Salomon Smith Barney

The Hon Barbara Thomas

Chairman, Axon Group plc

East of England Industrial Development Board

Chairman

Ms E Oddie

Director of Business Services, Morison Stoneham

Members

Ms L Allen

Managing Director, Holus Bureau Ltd

Mr M Clark

Group Finance Director, Harvestime Ltd

Mr D Collins

Regional Officer, Amalgamated Engineering & Electrical Union

Mr A Davies

General Manager, SLP Engineering Ltd

Mr K Hamilton

Regional Representational Advisor for the Engineering Employers Federation in the East of England.

Mr S Khan MBE

Sales & Marketing Director, Kensal Ltd

Ms T Knight

Managing Director, Nighthawk Electronics Ltd

Mr H Lawson

Managing Director, Norwich Airport

Mr M Smith

Retired Managing Director, Binney & Smith (Europe) Ltd

Mr A White

Retired Director of External Relations, Royal Mail

Welsh Industrial Development Advisory Board

Chairman

Mrs S Drury, OBE

Retired Company Director, Member of the Commission for Equal Opportunities, Council Member ELWa and Director Representing Wales, Investors in People.

Members

Dr J Driscoll

Management Consultant, Ex Partner, PricewaterhouseCoopers, Cardiff

Mr R Fowler

Director, Robertson Research International Ltd

Mr J Hancock

Regional Secretary, Transport & General Workers Union

Mr G Long

Retired International Development Director, Allevard Springs Ltd

Mr J Maddock

Managing Director, Simbec Research Ltd

Mr N Wheeler

Chief Executive, Trikon Technology Ltd

Mr A Wright

Managing Director, Hoya Lens UK Ltd

Industrial Development Advisory Board

Chairman

Sir Victor Blank

Chairman, Great Universal Stores plc

London and South East Industrial Development Board

Chairman

Mr C Dane

Director, The Dane Group Ltd

Members

Mr P Davda

Executive Advisor, Private Family Group

Mr B Davies

Director, Pirelli General plc

Mr R De Haan

Chairman/Chief Executive, Saga Group Ltd

Mrs P Edwards

Independent Consultant, Wells Associates

Mr A Holmes

Managing Director, Quester Capital Management Ltd

Mr G Kessler

Managing Director, Kesslers International Ltd

Mr J McCready

Head of Mergers and Acquisitions, Blue Circle plc

Mr T K J Raja

Non-Executive Director, Flambeau Europlast Ltd

Mr M Rhead

Operation Manager, Johnson Matthey plc

Mr R Stiles

Partner/Director, Stiles Harold Williams

Mr D Wilson

Managing Director, Eurotunnel Developments Ltd

Mr G Wyles

Regional Manager, South East, Royal Bank of Scotland

North East Industrial Development Board

Chairman

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Managing Director, House of Hardy Ltd

Members

Mr S Chaudhary

Head of Biologics Operations, Avecia Life Science Molecules

Mr M Kellaway

Managing Director, Forbo-CP Ltd

Mr M McCullagh

Chairman, Marske Machine Group of Companies

Mrs L Moran MBE

Chief Executive, Northern Recruitment Group plc

Mr H Morgan Williams

Chairman, Canford Group

Mrs V Morris

Managing Director, Mr Lazenby's

Mr P Nowak

Regional Director, Trades Union Congress

Ms A Reece

Financial Director & Company Secretary, Bywell Holdings Ltd

Mr M Stephenson,

Managing Director, Helena Laboratories (UK) Ltd

Mr S Still

Chief Operating Officer, Brewin Dolphin Securities

North West Industrial Development Board

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Director, Wrengate Ltd

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Non Executive Chairman, Cumbria Crystal Ltd

Mr R Armstrong

Senior Partner, PricewaterhouseCoopers

Mr J W Cackett

Chairman, OSS Group Ltd

Mrs L E Clinton

General & Commercial Manager, Pilkington Ltd

Mr J C Dixon

Chairman, Penthouse Carpets Ltd

Mr C Jeanes OBE

Member, North West Development Agency

Mr D McCall

Regional Secretary, Transport & General Workers Union

Mr K K Pathak

Chairman/Chief Executive, Kirpac Ltd

Mr F Ridley

Leader, Stockport Metro Borough Council

Mr A Strachan

Agent, North West Agency, Bank of England

Ms E M Wisemark

Managing Director, Optima Management Services Ltd

Dr M J Wood

Director, North West Engineering

South West Industrial Development Board

Chairman

Mr I G Lowe

Project Executive, Rolls Royce plc

Members

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Chief Executive, South Hams District Council

Dr R Bown

Technical & Quality Director, Imerys

Mr J L Crownshaw

Chief Executive, Bond Pearce Solicitors

Mr N Gibson

Retired Regional Director, South Wales & West, Lloyds/TSB

Mrs A M Harris OBE

Managing Director, Mapline Engineering Ltd

Mrs N M Lamond

Director of Finance, Falmouth College of Arts

Mr M J Leece

Chief Executive, National Marine Aquarium

Mrs D Major

Area Manager, HSBC Bank plc

Mr E J Newton

Retired Managing Director, John Heathcote & Co Ltd

Miss V H Pickering

Project Director, BP plc

Mr N J Randall

Chairman, Silicon Sensing Systems Ltd

Mr B J Sherwin

Retired Managing Director, Wrafton Laboratories Ltd

Mrs B Speirs

Chairman, Institute of Directors, West Of England

West Midlands Industrial Development Board

Chairman

Mr J Hudson

Non-Executive Chairman, Birmingham International Airport Company

Members

Mrs M Barrett

Managing Director, Radiant Heating Services Ltd

Mr G Clements

Group Managing Director, Ishida Europe Ltd

Mr M Day
General Manager, Eaton Corporation (Aeroquip)
Mr J Evans
Managing Director, ZF Lemforder UK Ltd
Mr D Grove
Chairman and Chief Executive, Grove Industries Ltd
Ms J Lodge
Partner in charge of Midlands audit practice, Deloitte & Touche
Mr G Long
Head of Credit & Risk, HSBC Bank plc
Mr D Lovatt
Chairman, Lovatt Engineering Ltd
Mr H Marshall
Former Chief Executive, Ash & Lacy plc
Mr N Price
Chairman, Raybould Price & Associates
Mr P Sabapathy OBE
Former Chief Executive, Birmingham North Community NHS Trust
Mr R Small
Managing Director, TRW Automotive Systems Ltd
Mr C Swan
Chairman, Chris Swan Consulting Ltd

**Yorkshire and the Humber and the East Midlands
Industrial Development Board**

Chairman
Mrs J A Kenny
Managing Director, Pyronix Ltd

Deputy Chairman
Mr A J Stradling
Consultant in Electronics Sector, Previously Deputy Chair of Tunstall Group

Members
Mr N G Adnitt
Operations Director, Solway Foods
Mr A Berryman
Managing Director, Welbeck Fabrics Ltd
Mr H M Birdwisa
Executive Vice-President, Koyo Bearings (Europe) Ltd
Mrs J Bradford
Former East Region Managing Director, NatWest Bank
Mr C J Brown
Consultant, Engineering Sector
Mr P Cliff
Chief Executive, Humber Chemical Focus Ltd
Mr J Cummins
Managing Director, Avista Ltd
Mr S Good
Managing Director, Hodgson Chemicals Ltd
Mrs C Holmes
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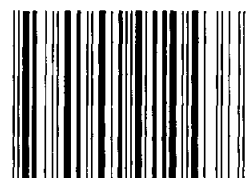
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