

Industrial Development Act 1982

An Annual Report
by

**The Secretary of State for Trade and Industry,
the First Minister of Scotland,
and the First Minister of Wales**

For the year ended 31 March 2007

Industrial Development Act 1982

Annual Report

The Secretary of State for Trade and Industry,
the First Minister of Scotland
and the First Minister of Wales

For the year ended 31 March 2007

*Presented to Parliament, the Scottish Parliament and the
National Assembly for Wales pursuant to sections 11 and 15
of the Industrial Development Act 1982*

*Ordered by The House of Commons to be printed
28 June 2007*

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Contents

Paragraphs

Introduction

01 – 03

Assistance under Section 7

Selective Finance for Investment in England and the Regional Selective Assistance Scheme	04 – 10
Rover Task Force	11

Assistance under Section 8

Financial Limit	12 – 14
Section 8 Schemes	15
Regional Selective Assistance (Scotland) – “Tier 3”	16
Enterprise Grant Scheme	17
Assembly Investment Grant Scheme	18
Enterprise Fund	19
- Small Firms Loan Guarantee Scheme	20 – 22
- UK High Technology Fund	23 – 25
- Regional Venture Capital Funds	26 – 28
- Early Growth Funding	29 – 30
Enterprise Capital Funds	31 – 33
Phoenix Fund	34 – 35
- Support for Community Development Finance Institutions	36 – 37
- Community Development Venture Fund	38 – 39
Rover Task Force	40
UK Coal Investment Aid Scheme	41 – 48
Payments to Redundant Steelworkers (ISERBS)	49 – 52
Urban Post Office Reinvention Programme	53 – 59

Assistance under Section 11

Small Business Service	60 – 64
Business Link Operators	65 – 70
Business Incubation Development Fund	71 – 72
Rover Task Force	73 – 76
The Intellectual Assets Centre	77 – 80

Assistance under Section 13

Improvement of Basic Services	81 – 83
-------------------------------	---------

Assistance under Part III of the Industry Act 1972

The Home Shipbuilding Credit Guarantee Scheme	84 – 86
---	---------

Commentary on Scotland, Wales, and the English Regions, including reports by the Chairmen of the Industrial Development Advisory Boards

87 – 162

1 Statistics relating to the Regional Selective Assistance Scheme:

Table: 1	Applications received in Scotland and Wales – 1 April 2006 to 31 March 2007 and 1 April 1997 to 31 March 2007.	23
Table: 2	Offers accepted, payments made and employment created / safeguarded in Great Britain by Assisted Area – 1 April 2006 to 31 March 2007 and 1 April 1997 to 31 March 2007.	24
Table: 3	Offers accepted, payments made and employment created / safeguarded in Great Britain – 1 April 1997 to 31 March 2005 and 1 April 1997 to 31 March 2007.	25
Table: 4	Cumulative offers accepted and payments made in Great Britain by type of industry – 1 April 1997 to 31 March 2007.	25
Table: 5	Applications, offers accepted and payments made by country – 2003/2004 to 2006/2007.	26
Table: 6	Offers accepted and payments made to UK and Foreign-owned companies – 1 April 2006 to 31 March 2007 and 1 April 1997 to 31 March 2007.	27
Table: 7	Applications rejected and withdrawn – 1 April 2006 to 31 March 2007 and 1 April 1997 to 31 March 2007.	27

2 Statistics relating to the Selective Finance for Investment in England Scheme:

Table: 1	Applications received – Tier 1 and 2 Areas – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	28
Table: 2	Offers accepted and payments made – Tier 1 and 2 Areas – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	29
Table: 3	Offers Accepted and Payments made by type of Industry – Tier 1 and 2 Areas – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	30
Table: 4	Offers accepted and payments made by UK and Foreign owned companies – Tier 1 and 2 Areas – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	31
Table: 5	Applications rejected and withdrawn – Tier 1 and 2 Areas – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	32
Table: 6	Applications received – Tier 3 Area – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	32
Table: 7	Offers accepted and payments made – Tier 3 Area – 1 April 2006 to 31 March 2007 and 1 April 2004 to 31 March 2007.	32

3 Statistics relating to the Enterprise Grant Scheme:

Table: 1	Payments made – 1 April 2006 to 31 March 2007 and 1 April 2000 to 31 March 2007.	33
----------	--	----

4 Statistics relating to the Assembly Investment Grant Scheme:

Table: 1	Assembly Investment Grant Scheme offers accepted and payments 1 April 2006 to 31 March 2007 and 1 April 2002 to 31 March 2007.	34
Table: 2	Assembly Investment Grant Scheme applications rejected and withdrawn 1 April 2006 to 31 March 2007 and 1 April 2002 to 31 March 2007.	34

5 Statistics relating to Section 13 of the Industrial Development Act 1982

35

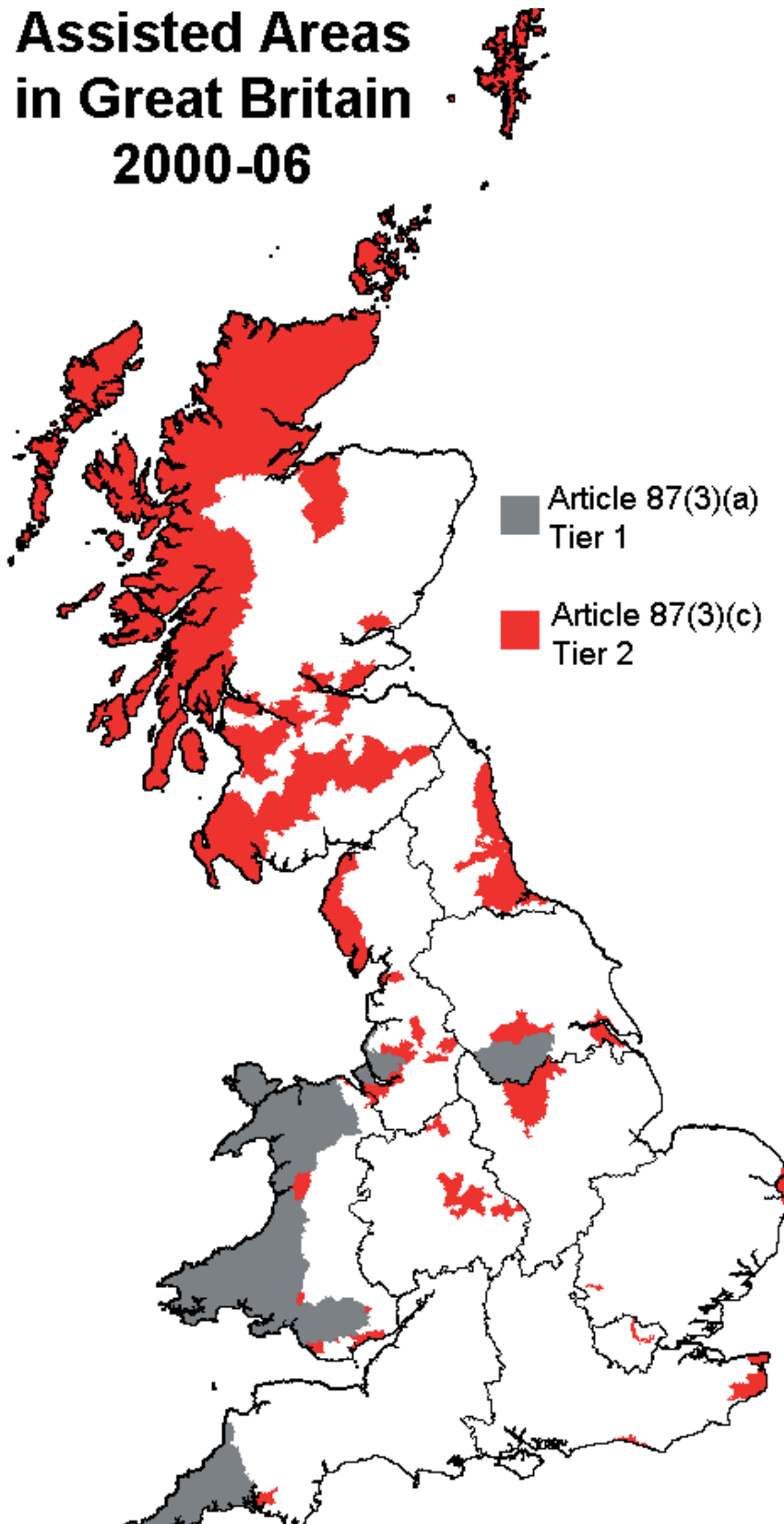
6 Chairmen and Members of the Industrial Development Advisory Boards and Regional Industrial Development Boards.

36

Abbreviations

AIGS	Assembly Investment Grant Scheme
CDFIs	Community Development Finance Institutions
CDVF	Community Development Venture Fund
DTI	Department of Trade and Industry
ECSC	European Coal and Steel Community
EEDA	East of England Development Agency
EGS	Enterprise Grant Scheme
EMDA	East Midlands Development Agency
EU	European Union
GO	Government Office
IDAB	Industrial Development Advisory Board
IDB	Industrial Development Board
ISERBS	Iron and Steel Employees Re-adaptation Benefit Scheme
LDA	London Development Agency
NFEA	National Federation of Enterprise Agencies
NWDA	North West Development Agency
OECD	Organisation for Economic Co-operation and Development
ONE	One NorthEast
PDF	Phoenix Development Fund
POL	Post Office Limited
R&D	Research and Development
RDA	Regional Development Agency
RIDB	Regional Industrial Development Board
RSA	Regional Selective Assistance Scheme
RVCF	Regional Venture Capital Fund
SBS	Small Business Service
SEEDA	South East England Development Agency
SFIE	Selective Finance for Investment in England
SIPBP	Support to Implement Best Business Practise
SIDAB	Scottish Industrial Development Advisory Board
SI	Statutory Instrument
SMEs	Small and Medium Sized Enterprises
SWRDA	South West Regional Development Agency
UK	United Kingdom
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.

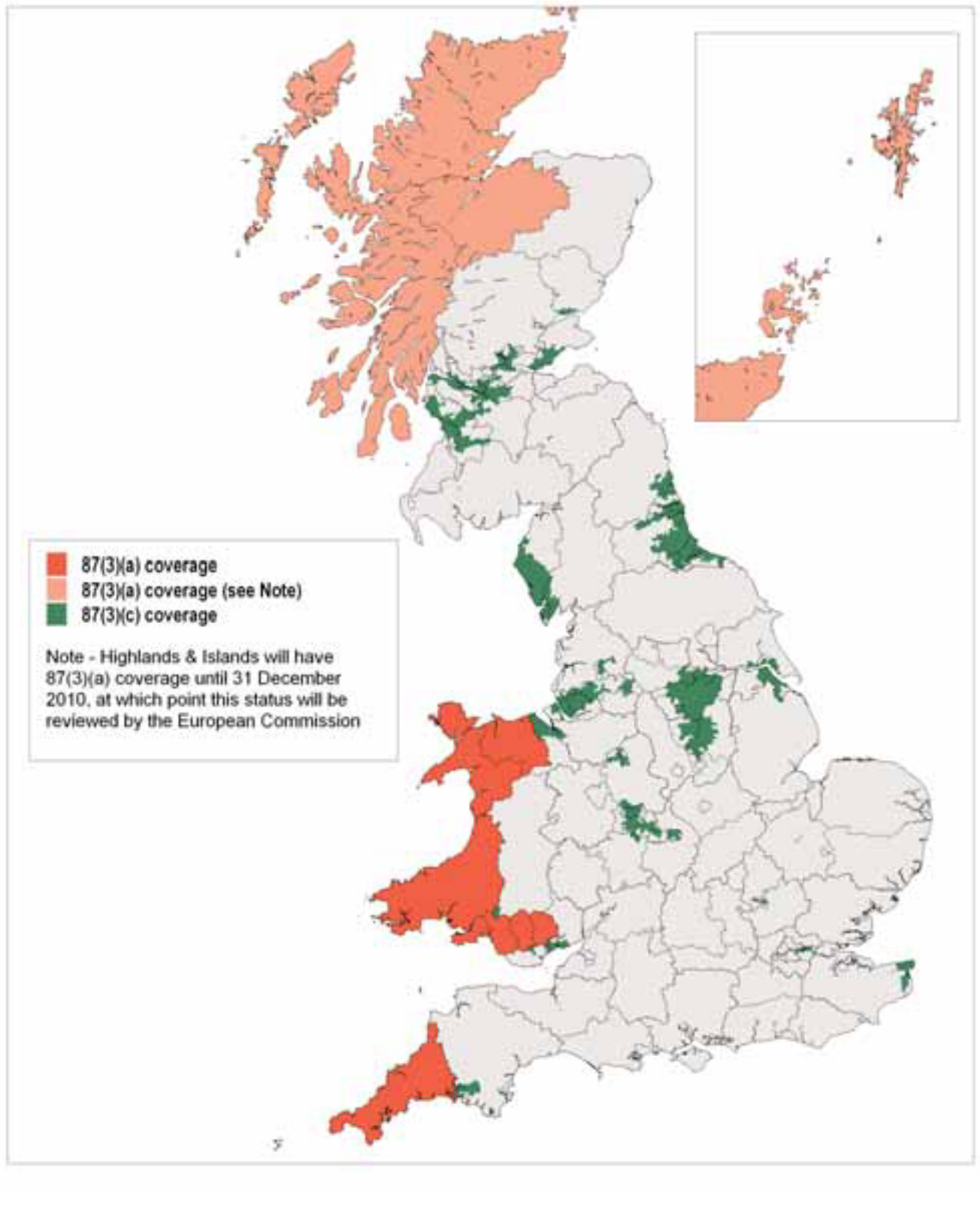
Assisted Areas in Great Britain 2000-06



This map is intended to be used as a guide only.

Assisted Areas in Great Britain, 2007-2013

Northern Ireland will have full 87(3)(c) coverage



This map is intended to be used as a guide only.

Industrial Development Act 1982

Joint Report by the Secretary of State for Trade and Industry, the First Minister of Scotland and the First Minister of Wales

Introduction

1. As required by Sections 11 and 15 of the Industrial Development Act 1982, this Report for the year ended 31 March 2007 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 S.I. 1999/672), from 1 July 1999 some powers under the Act have been exercised in Scotland by the First Minister of Scotland, in Wales by the First Minister of Wales and, concurrently throughout the UK, by the Secretary of State for Trade and Industry.
3. During the year, the Government carried out a review of the Assisted Areas of Great Britain in response to new European Commission guidelines on regional aid. The Assisted Areas map on page vi remained in place until 31 December 2006. The map on page vii was submitted to the Commission in October 2006 and was approved by them in December 2006, meaning that applications could be made under this map from 1 January 2007. A Statutory Instrument (S.I. 2007/107) brought the map into force under UK law on 13 February 2007.

Assistance Under Section 7

4. Section 7 of the IDA 1982 provides for financial assistance to industry to be given in the Assisted Areas of Great Britain. The purpose of providing assistance under Section 7 was to encourage sound projects, which will improve employment opportunities in the Assisted Areas (see map on page vi).
5. Section 7 assistance is currently provided thorough the Selective Finance for Investment in England (SFIE) scheme in England, and by the Regional Selective Assistance (RSA) scheme in Scotland and Wales.
6. Applications for both RSA and SFIE were assessed against the following criteria:
 - a) **Location** – Projects were located within Assisted Areas;
 - b) **Need (additionality)** – Applicants had to demonstrate that the SFIE support was necessary to enable the project to proceed;
 - c) **Eligible investment** – The project had to involve capital expenditure on fixed assets, such as property, plant and machinery, or expenditure related to the creation of new jobs. Expenditure had to be related to a project that expanded or modernised an existing company or established a one;
 - d) **Jobs** – If the level of SFIE support was greater than £100,000 the project had to create or safeguard sustainable jobs. Projects which were likely to create overcapacity in the market, or which simply displaced jobs from another Assisted Area elsewhere in the UK were not eligible for assistance;
 - e) **Viability** – Businesses and projects had to be viable and supported projects were judged to have a good chance of becoming self-sustaining within three years; and
 - f) **National and Regional benefit** – Projects only received SFIE support if the business case for the project indicated that it would make a positive contribution to both the regional and national economies.

7. Applications for SFIE additionally focused on delivering growth in productivity and improvements in the skills base, using the following criteria:

- g) **Productivity** – supported projects had to deliver an improvement in productivity based on the value of Gross Value Added (GVA) per Full Time Equivalent (FTE) employee compared with the sector and national averages; and
- h) **Skills** – the majority of jobs associated with a supported project had to be at NVQ level 2 (or equivalent) or above.

8. However an allowance of up to 10% of the SFIE budget may have been used to support projects in particularly deprived areas, which did not meet these skills and productivity criteria.

9. The powers to provide SFIE in England were exercised by the Secretary of State for Trade and Industry. In Scotland and Wales, the First Minister of Scotland and the First Minister of Wales exercised powers to provide RSA. SFIE replaced RSA in England from 1 April 2004.

10. Set out below are brief details of financial assistance to industry applications received and offers accepted during 2006/2007. Offers may relate to applications received in previous years.

Regional Selective Assistance

Table 1

	Applications Received		Offers Accepted	
	No.	Value £('000)	No.	Value £('000)
England	-	-	-	-
Scotland	301	324,624	134	92,410
Wales	129	96,502	102	63,649
Great Britain	430	421,126	236	156,059

Selective Finance for Investment in England

Table 2

	Applications Received		Offers Accepted	
	No.	Value £ ('000)	No.	Value £ ('000)
	485	195,689	333	70,969

Rover Task Force

11. Elements of the support package to address the potential loss of the Rover car plant in Birmingham were provided under Sections 7, 8 and 11. (See Assistance under Section 11 for detail.)

Assistance Under Section 8

Section 8 Financial Limit

12. Section 8(5) of the Industrial Development Act 1982 initially limited to £1,900 million the sums paid, and liabilities under any guarantees given, by the Secretary of State under section 8, and provided that the limit may be increased on not more than four occasions by tranches of up to £200 million each. Authority to increase the statutory limit for the fourth and final time from £2,500 million to £2,700 million was obtained on 10 March 2003¹ through an Affirmative Resolution of the House of Commons. The Financial Assistance For Industry (Increase of Limit) Order 2003 came into effect on 25 March 2003². (The limit was first increased to £2,100 million by S.I. 1996/569, to £2,300 million by S.I. 2000/995, and to £2,500 million by S.I. 2002/151.)

13. As a limit of £2,700 million was the maximum possible under the 1982 Act, a bill to amend the limits in Section 8(5) was introduced into Parliament during the reporting year 2002/2003 and the Industrial Development (Financial Assistance) Act 2003 received Royal Assent in May 2003. This Act amended Section 8(5) of the 1982 Act by increasing the initial ceiling on financial assistance from £1,900 million to £3,700 million, and the subsequent four tranches from up to £200 million each to up to £600 million each.

14. As at 31 March 2007 the amount of uncommitted spend under the Section 8(5) limit was £438 million.

Section 8 Schemes

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

Regional Selective Assistance (Scotland) – “Tier 3”

16. On 1 January 2007, the Scottish Executive introduced a new tier of Regional Selective Assistance (“Tier 3”) for SMEs. Operating under Section 8 of the Act and the EC block exemption regulation for regional aid and SMEs, it is available across large parts of Scotland within the Assisted Areas (“Tier 1” and “Tier 2”). It is a discretionary grant and operates along the same lines as RSA. Between 1 January and 31 March, the Executive received 2 applications and at 31 March, no decisions had been made on these.

Enterprise Grant Scheme

17. The Enterprise Grant Scheme (EGS) in England began on 1 January 2000. It was a simplified discretionary scheme for Small and Medium Enterprises (“SMEs”) in the Assisted Areas (“Tier 1” and “Tier 2”) and in specified non-Assisted Areas (“Tier 3”). Those three tiers were referred to collectively as Enterprise Grant Areas. The total amount paid out in England during 2006/2007 was £1.1million. The Enterprise Grant Scheme closed for new applications on 31 March 2004, and was replaced by the SFIE(SME) scheme. This is available at the discretion of the RDAs in Tier 3 Areas.

¹ Hansard (2002/03) No 401, c130-131.

² SI No 2003/849.

Assembly Investment Grant Scheme

18. The Assembly Investment Grant (AIG) was launched in Wales on 1 April 2002. This streamlined scheme operates along similar lines to RSA, although there are some major differences. Operating under Section 7 of the Act in the Assisted Areas and Section 8 in the non-assisted areas, it is available only to SMEs and addresses the needs of smaller businesses throughout Wales by providing easier and less costly access to grant assistance, with simpler procedures and faster turnaround times for applications and claims. Like RSA, capital investment is a prerequisite, but unlike RSA, an AIG project does not necessarily need to create new jobs – the objective being to encourage indigenous businesses to set up or become more competitive by carrying out eligible investment projects. From 1 April 2006 to 31 December 2006, grants of between £5,001 and £50,000 were available; from 1 January 2007 the upper limit was raised to £75,000. Table 3 provides details for 2006/2007.

Further details are at **Appendix 4**

Table 3

2006/2007

Number of applications received	295
Value of applications £'000	11,092
Number of offers accepted	196
Value of offers accepted £'000	6,317
Associated project costs £'000	23,457
Payments £'000	5,752

Enterprise Fund

19. 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. All elements of the Enterprise Fund are administered through the Small Business Service at DTI. The budget provides 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

20. The Small Firms Loan Guarantee (SFLG) scheme guarantees loans on commercial terms to small firms with viable business proposals but which are unable to obtain conventional finance because they do not have the collateral required by the lender to secure the borrowing. By providing a Government-backed guarantee against default, the SFLG encourages lenders to lend in cases where they would not otherwise do so.

21. DTI and the participating lenders have now had a full year's experience of operating the new form of SFLG introduced on 1 December 2005 to reflect the recommendations of the independent Graham Review. That experience will be described in detail in the SFLG Annual Report, which will be published in summer 2007.

22. Four new lenders joined the SFLG during the year; Bibby Financial Services, Euro Sales Finance, General Asset Management and The Enterprise Fund (Manchester), thus broadening the range of channels through which eligible businesses may be enabled to borrow.

Table 4**Guarantees Issued³ from Inception in June 1981 to 31 March 2007 by Country/Region.**

Country/Region	Number	Value (£m)
Scotland	8,932	488.004
Wales	5,290	216.008
Northern Ireland	971	63.180
East Midlands and East	14,338	672.489
London and the South East	31,307	1,462.045
North East	4,265	169.304
North West	10,607	478.340
Yorkshire and the Humber	8,104	359.525
West Midlands	9,263	392.245
South West	12,599	513.237
Total	105,676	4,814.377

Table 5**Guarantees Issued from 1 April 2006 to 31 March 2007^{4,5} by Country/Region**

Country/Region	Number	Value (£m)
Scotland	235	20.303
Wales	100	8.585
Northern Ireland	24	3.023
East Midlands	168	12.364
East of England	223	15.848
London	467	37.309
South East	377	29.309
North East	125	7.925
North West	310	24.161
Yorkshire and the Humber	217	17.047
West Midlands	244	18.833
South West	212	17.047
Total	2,702	211.754

³ Changes to SFLG eligibility criteria and operational processes arising in response to the Graham Review were introduced with effect from 1 December 2005. As part of those changes the point at which a Guarantee is recorded as having been issued has changed from the date of issue of guarantee by SBS to the lender to the date on which a borrower draws down a guaranteed loan from the lender.

⁴ Changes to SFLG eligibility criteria and operational processes arising from the Graham Review were introduced with effect from 1 December 2005. As part of those changes the point at which a Guarantee is recorded as having been issued has changed from the date of issue of guarantee by SBS to the lender to the date on which a borrower draws down a guaranteed loan from the lender.

⁵ Correct to 4 April 2007. Lenders have 10 working days to record a Guaranteed loan and therefore a small number of loans from late March 2007 may be excluded.

UK High Technology Fund

23. The UK High Technology Fund (UKHTF) was established to encourage institutions to invest in early stage, high technology venture capital and to increase the amount of finance available for investment in early stage technology based businesses. The 1998 Competitiveness White Paper announced the creation of the £180 million Enterprise Fund to stimulate more finance for small businesses and address market weakness in the provision of that finance.

24. The fund was also set up to address the lack of investment available to early-stage, technology-focused businesses, critical for their growth. £106.1 million has been raised from private sector investors alongside £20 million of Government cornerstone investment. This surpassed the original target of a total fund of £125 million.

25. As at 30 June 2006, £124 million of the £126.1 million raised had been committed to 9 specialist venture capital funds. These venture capital funds have in turn made investments in 238 technology-based companies.

Regional Venture Capital Funds

26. The Regional Venture Capital Funds (RVCFs) were set up to address the “equity gap” encountered by SMEs seeking small scale (£500,000 and below) investment. There are 9 RVCFs, one in each English region, and all are managed by experienced venture capital professionals, on commercial terms.

27. All of the 9 regional funds are operational. All Funds will be closed by 2015.

28. In the year 2006/2007 £5 million was drawn down by the RVCFs from the DTI. As at 31 March 2007, and since the launch of the first RVCFs in 2002, a total of £70.9 million had been drawn down from the DTI.

Early Growth Funding

29. The Early Growth Fund (EGF) programme was established to encourage risk funding for start-ups and growth firms. The objective of the programme is to increase the availability of small amounts of risk capital (averaging around £50,000) for innovative and knowledge intensive businesses, as well as for other growth businesses.

30. All EGFs were operational by March 2004. As at 31 March 2007 the Early Growth Funds had drawn down £22.9 million.

Enterprise Capital Funds

31. Enterprise Capital Funds (ECFs) were established in 2006. They are designed to be commercial funds, investing a combination of private and public money in small high-growth businesses that are seeking up to £2 million of equity finance. The Government will provide up to two thirds of the capital in each ECF, in return for a preferred return at or close to Gilt rate (4.5%), and a limited share in any profits of the fund. The preferred return is intended to cover the Government’s cost of capital, and the profit share from successful funds should offset any losses on unsuccessful funds.

32. To date one round of ECFs has completed with five funds being awarded. The second round of ECFs began in November 2006 with 30 fund proposals being received by the bidding round closing date (February 2007). The funds awarded to date will be closed by 2018.

33. All ECFs awarded became operational in the final quarter of 2006 and the DTI commitment to these funds totalled £81.2 million. As at 31 March 2007, a total of £3.9 million had been drawn down from the DTI.

The Phoenix Fund

34. The Phoenix Fund was established to encourage entrepreneurship in disadvantaged areas and within disadvantaged groups. Such disadvantaged communities often experience a shortage of jobs and relevant services. By encouraging entrepreneurship, the fund helps to overcome these shortages and promotes social inclusion. The Phoenix Fund currently comprises:

- support for Community Development Finance Institutions;
- the Community Development Venture Fund;
- Enterprise Capital Funds; and
- the Business Incubation Development Fund (see Assistance Under Section 11).

35. Support for Community Development Finance Institutions and the Community Development Venture Fund have Section 8 as their statutory basis.

Support for Community Development Finance Institutions (CDFIs)

36. The aim of this programme is to support Community Development Finance Institutions (CDFIs) in their role as intermediaries that exist to improve the availability of business finance to SMEs operating within disadvantaged communities. In particular CDFIs seek to lend money to SMEs and social enterprises who are unable to access finance from traditional sources because they are unable to offer the track record or security generally required by lenders.

37. From 1 April 2006 RDAs have been responsible for supporting CDFI activity in their regions. In 2006/2007 £763,656 was paid to support national activities to develop the Community Development Finance sector.

Community Development Venture Fund (CDVF)

38. The Community Development Venture Fund (CDVF) was created in response to a recommendation from the Social Investment Taskforce. The CDVF, also known as “Bridges”, is a £40 million fund that is a source of venture capital to small and medium-sized enterprises which are capable of substantial growth and which are located in the 25% most deprived wards in England.

39. In the year 2006/2007 £2.7 million was drawn down from the DTI by ‘Bridges’. As at 31 March 2007 and since the launch of the Fund a total of £16.3 million has been drawn from the DTI.

Rover Task Force

40. See Assistance under Section 11 for detail.

UK Coal Investment Aid Scheme (CIA)

41. The Coal Investment Aid Scheme (“the Scheme”) was approved by the European Commission on 24 June 2003 as “aid for initial investment” under Article 5(2) of the European Council Regulation No. 1407/2002 on State aid to the coal industry (“the Regulation”).

42. The aim of the Scheme is to create or safeguard jobs in the UK coal industry within socially and economically disadvantaged areas by encouraging coal producers to undertake commercially realistic investment projects which maintained access to coal reserves for projects that would otherwise not go ahead.

43. Successfully approved projects receive a grant of up to 30% of eligible costs with the mine operators financing the balance of the investment themselves. The grant is payable as progress is made on the supported project, and expenditure was incurred and defrayed.

44. The scheme was launched on 16 June 2003, with a budget of up to £60 million to be allocated in three application periods and spent by 31 December 2008. Application Period 1 closed on 31 July 2003. Period 2 closed on 1 June 2004. On Period 3 was provisionally set to close on 31 May 2005.

45. In a speech in Westminster Hall on 12 October 2005, the Minister for Energy, Malcolm Wicks, confirmed that almost £58.5 million had already been awarded in the first two application rounds, most of which would be drawn down by mid-2006, and that, allowing for project monitoring costs, the whole of the CIA fund has now been committed. This meant that the planned third application period would not take place. Eligible claims under awards in the first two periods would continue to be paid until these awards were exhausted.

46. In the period 1 April 2004 to 31 March 2005 a total of £17,344.754 was offered to 10 successful applicants. In period 2 support amounting to £40,963,621 was offered to 9 applicants. Three project applications were not successful in period 2. Details of supported projects are set out in Table 6:

Table 6

Applicant	Production Unit	CIA P1 Accepted £	CIA P2 Accepted £	Total CIA Accepted £	Jobs Claimed Safeguarded
CoalPower*	Hatfield, Yorkshire	0	0	0	0
Eckington Colliery Partnerships	Eckington, Derbyshire	63,000	98,825	161,825	25
Energybuild	Aberpergwm, South Glamorgan	1,083,302	2,418,675	3,501,977	78
Flack & Son	Hay Royds, Yorkshire	137,300	0	137,300	24
Tower Colliery Ltd	Tower, Mid Glamorgan	2,215,166	842,138	3,057,304	375
UK Coal plc	Daw Mill, Warwickshire	9,600,000	1,260,000	10,860,000	543
UK Coal plc**	Ellington, Northumberland	2,167,853	0	2,167,853	360
UK Coal plc	Harworth, Nottinghamshire	4,648,000	1,717,800	6,365,800	511
UK Coal plc	Kellingley, Yorkshire	7,231,000	2,269,653	9,500,653	630
UK Coal plc	Maltby, Yorkshire	2,439,000	2,709,254	5,148,254	528
UK Coal plc	Rossington, Yorkshire	3,253,000	1,395,229	4,648,229	386
UK Coal plc	Thoresby, Nottinghamshire	2,882,000	2,091,282	4,973,282	509
UK Coal plc	Welbeck, Nottinghamshire	5,244,000	2,541,898	7,785,898	528
		40,963,621	17,344,754	58,308,375	4,530

Notes

* Having received Section 36 approval to build an IGCC plant at Hatfield Colliery site, which would have help create 2,500 new jobs at the site and a further 1,000 locally. Coalpower were offered £15m but this offer lapsed after not being accepted by 30th April 2004.

** A revised offer of £2.2m (from £1.1m) was made to Ellington further to the review process being completed and a revised application being submitted.

47. As at 31 March 2007, nearly £51 million had been paid in instalments to all beneficiaries upon receipt, evaluation & approval of their periodic claims for Coal Investment Aid.

48. Payments made during the period 1 April 2004 to 31 March 2007 were:

Table 7

Applicant	Mine/Production Unit	CIA Payment (£)
UK Coal plc	Daw Mill Colliery (Warwickshire)	10,680,000.00*
UK Coal plc	Thoresby Colliery (Nottinghamshire)	4,973,282.00*
UK Coal plc	Welbeck Colliery (Nottinghamshire)	7,786,898.00
UK Coal plc	Kellingley Colliery (North Yorkshire)	9,500,653.00*
UK Coal plc	Harworth Colliery (Nottinghamshire)	4,201,555.60
UK Coal plc	Rossington Colliery (South Yorkshire)	2,687,075.37
UK Coal plc	Maltby Colliery (South Yorkshire)	5,148,254.00*
UK Coal plc	Ellington Colliery (Northumberland)	849,620.00
Eckington	Eckington Colliery (Derbyshire)	176,171.00*
Energybuild Ltd	Aberpergwm Colliery (South Glamorgan)	1,678,444.86
Tower Colliery Ltd	Tower Colliery (Mid Glamorgan)	2,991,764.00
Flack & Sons	Hay Royds (Yorkshire)	88,426.72
Total £		50,762,144.55

*Grants paid in full.

Payments To Redundant Steelworkers (ISERBS)

49. The Iron and Steel Employees Re-adaptation Scheme (ISERBS) was announced in May 2001 as part of a package of measures to alleviate the impact of large scale redundancies in the steel industry. Section 8 is the legal basis for ISERBS as the scheme provided for assistance to encourage arrangements for ensuring that any contraction of an industry proceeds in an orderly way.

50. The scheme provided a single lump sum payment of £2,480 to eligible steelworkers to help them overcome the initial impact of losing their jobs. It was derived from the European Coal and Steel Community Treaty which, at article 56, specifically provided for social aid to workers affected by restructuring in the steel industry. Eligibility criteria for the payment were derived from a 1989 bilateral convention with the European Commission.

51. ISERBS applied to workers who lost their jobs, or whose job loss was linked to restructuring announced, in the period 1 January 2000 to 23 July 2002 (when the ECSC Treaty terminated). All payments due under the scheme have been made and the scheme has now been closed.

52. In 2006/2007 payments were made to 6 individuals at a cost of £14,800. Over the life of the scheme payments have been made to 13,161 individuals at a cost of £32.6 million.

Urban Post Office Reinvention Programme

53. On 15 October 2002, the Government was authorised by Parliament to provide up to £210 million to Post Office Limited (POL) to implement its programme to restructure the network of urban sub-post offices⁶.

54. The requirement for funding of POL's programme was borne from the Performance and Innovation Unit's report of 2000, which recommended that, if the Post Office decided that fewer offices were needed in some urban areas, the Government should provide financial assistance to the Post Office to ensure that sub-postmasters affected would be compensated for the loss of value of their business.

55. Up to £180 million was made available to meet the costs of compensation to sub-postmasters whose offices closed under the terms of the programme. A further £30 million was made available on a broadly matched-funding basis, for modernising and adapting those offices which remain.

56. The programme, which is administered by POL, is UK-wide but relates only to the urban network of post offices located in communities of more than 10,000 inhabitants.

57. POL completed public consultation on all closure proposals by the end of 2004 and a total of 2,486 urban sub-post offices closed under the programme. Almost 4,000 offices have received investment grant funding.

58. The spend profile for the programme below has been adjusted to show the cumulative actual spend in 2002/2003, 2003/2004, 2004/2005, 2005/2006 and 2006/2007.

Table 8

	Actual	Actual	Actual	Actual	Actual	Forecast
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Compensation	£14.57m	£63.23m	£149.6m	£154.99m	£154.37m ⁷	£0.00
Investment Grant	£0.02m	£5.48m	£7.0m	£23.79m	£25.82m	£0.00
Total	£14.59m	£68.71m	£156.6m	£178.78m	£180.19m	£0.00

59. DTI will monitor the take up of residual investment grant funding. There is no set end date for the scheme, though it is now expected that any remaining funds will not be made available beyond 2007/2008.

Assistance Under Section 11

Small Business Service

60. From 1 April 2007 the Small Business Service (SBS) ceased to be an agency of the DTI and is now a policy directorate within DTI's Enterprise and Business Group. SBS works across Whitehall, the Regional Development Agencies and key delivery partners to ensure that Government – national, regional and local – understands and responds to the needs of small businesses and entrepreneurs.

61. The SBS's role in taking forward Government policy on small business was set out in *Small Business and Government – The Way Forward*, published in December 2002, and setting out the policy framework for a Government-wide approach to helping small firms.

⁶ See Official Report Session 2001-02, Volume 390, Column 228-256.

⁷ The total amount of spend has reduced due to POL refunding unused payments during 2006/07.

62. It identified seven strategic themes as key drivers for economic growth, improved productivity and a wider involvement in enterprise for all:

- Building an enterprise culture;
- Encouraging a more dynamic start-up market;
- Building the capability for small business growth;
- Improving access to finance for small businesses;
- Encouraging more enterprise in disadvantaged communities and under-represented groups;
- Improving small businesses' experience of government services;
- Developing better regulation and policy;

63. These strategies were brought together as the "Government Action Plan for Small Business" published on 8 January 2004. The plan marshalled the whole of government behind the small business agenda for the first time and put the UK well on the way to the UK becoming the best place in the world to start and grow a business.

64. During 2006/2007, the SBS has driven forward the Government Action Plan focusing on four key areas: building an enterprise culture; opening up public procurement; simplification of business support; and better regulation. The SBS has funded a successful third Enterprise Week; worked closely with the Office of the Third Sector to develop and produce an updated social enterprise Action Plan; successfully launched Supply2.gov for advertising low value contracts; developed a business support simplification programme to streamline publicly funded business support to no more than 100 products and services by 2010; and helped take forward the Better Regulation agenda by scrutinising other Government Departments' proposed rolling programmes of simplification.

Business Link Operators

65. The Business Link service is a crucial part of the Government's campaign to promote enterprise and to make the UK the best place to start and grow a business. Business Link provides the information, advice and support needed to start, maintain and to grow a business. The service exists to help anyone who is thinking of starting a business; to help small and medium-sized enterprises to grow; and to help businesses to deal with problems, challenges and opportunities.

66. Business Link is available to all businesses – whether a private company, public company, a partnership, sole trader, a community interest company, a co-operative, or a social enterprise.

67. Business Link helped a total of 799,471 customers during the twelve months ending December 2006. This was the highest 12 month performance figure so far and represents a penetration rate for established businesses and those thinking of starting a business of 43.6% IDBR.

68. Customer satisfaction with Business Link services remains consistently high at 91%, with 96% of customers being willing to recommend the service to others. 91% of customers said that they would use the service again.

69. Responsibility for the Business Link brand policy remains with DTI, though operational responsibilities have been transferred to the Regional Development Agencies.

70. To find out more about Business Links, visit the websites at www.businesslink.gov.uk

Business Incubation Development Fund (BIDF)

71. The 2005 budget made financial provision for enhancing the supply of quality business incubation, primarily in disadvantaged areas and communities. Grant support was available for business incubator running costs linked to the provision of business advice.

72. Under BIDF, managed by UK Business Incubation, the Small Business Service provided £2 million in grants during 2006/2007.

Rover Task Force

73. The Rover Task Force was set up in 2000 to look at the potential effects on the region's economy of the then expected decline of Rover and its supply industry – which was a severe risk at the time of the BMW withdrawal from the company. Its aim was to address how both the region's automotive supply chain could be supported, and how the region's manufacturing base could be helped to modernise and diversify.

74. The Task Force is led by Advantage West Midlands which produced two reports, an Interim and Final, during 2000. The Interim Report was designed to provide a quick response, recommending a range of support to automotive component suppliers in the region, limited to the financial year 2001-2002. The Final Report identified a variety of initiatives to support the diversification and regeneration of the region's economy and build on the support provided through the Interim Report to modernise the automotive base. In total £59.4 million has been made available for a range of initiatives to modernise, regenerate and diversify over a five year period ending March 2006, of which £12.9 million of resource was consumed in 2005/2006.

75. The various initiatives in the main provide advice and consultancy support to the region's SMEs (provided under Section 11 of the Industrial Development Act 1982) but also include elements of capital grant and access to finance (provided under sections 7 and 8 of the Industrial Development Act 1982) to help implement recommendations and action plans as well as grants or loans to promote careers in industry (provided under section 12 of the Industrial Development Act 1982).

76. Resource consumed in the financial year 2005/2006 is broken down as follows:

	2005-06
Section 7	£2,655,610
Section 8	–
Section 11	£10,225,440
Section 12	£60,174
Total	£12,941,224

Note: 2005/2006 figures have been updated to take account of final spend figures in that year.

The Intellectual Assets Centre

77. In December 2003 Scottish Ministers announced the set up of a new Intellectual Assets (IA) Centre to help Scottish businesses identify, protect and exploit their intangible and often highly valuable assets. These included brands, employee know-how, trade secrets and technical information as well as formally protected intellectual property such as patents, designs and trademarks.

78. The Centre was funded by the Scottish Executive's Business Growth and Innovation Division (New Initiatives Unit) and was operated by Scottish Intellectual Asset Management Ltd, a company set up for that purpose jointly by Scottish Enterprise and Highlands and Islands Enterprise.

79. The first of its kind in Europe, the Glasgow-based Centre's main activities were:

- To raise awareness of IA through events, seminars and information provision;
- To identify gaps in the provision of IA support to businesses and identify appropriate solutions, and;
- To provide signposting and advice to companies seeking IA management services.

80. The IA Centre had been fully operational since late August 2004 but some key staff had been in place since April 2004. Assistance of £1,394,650 was provided in 2006/2007.

Assistance Under Section 13

Improvement of Basic Services

81. 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, sewage disposal, or any service or facility on which the development of the area in question and in particular of industrial undertakings therein, depends.

82. During the year, 1 application was received and 3 were brought forward from 2005/2006, for grant towards improvement of basic services in the Assisted Areas. At 31 March 2007, grants totalling £150,347.65 had been approved towards 2 schemes with estimated costs of £501,158.85. Further details are at **Appendix 5**.

83. Following a Review by Ministers of Defra funded schemes, grants under section 13 towards the provision of water and sewerage infrastructure will no longer be available from 1 September 2007.

Assistance Under Part III Of The Industry Act 1972

The Home Shipbuilding Credit Guarantee Scheme

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

85. The Statement of Guarantees for the year to 31 March 2007 was as follows (2005/2006 figures in brackets):

	No. Of Guarantees	Amount of Principal Guaranteed (£)
Guarantees offered in 2006/2007	1 (12)	1,680,000 (16,800,000)
Repayments in year 2006/2007	3 (9)	11,443,605 (10,422,948)
Guarantees current on 31 March 2007	13 (15)	26,744,263 (39,019,767)

86. In the year to 31 March 2007 payments of interest equalisation to the banks totalled –£54,000 net (previous year £48,000). These were paid by the DTI under the authority of the Industry Act 1975 (section 25).

Commentary on Scotland, Wales, and the English Regions

Scotland

Government Assistance

87. During the year, 301 applications for RSA were received and 134 offers accepted to the total value of £92.4 million. These projects were associated with £416.9 million of capital investment, and were forecast to create 5,628 jobs and safeguard 3,608 jobs, at an average cost per job of £10,005. These figures compared to 195 applications in 2005/2006, with 151 offers accepted to the value of £59.4 million, towards capital investment of £245.7 million and the creation of 6,076 jobs and the safeguarding of 2,214, at an average cost per job of £7,167.

Report by the Chairman of the Scottish Industrial Development Advisory Board

88. The Scottish Industrial Development Advisory Board (SIDAB) was set up under section 20 of the Scottish Development Agency Act 1975, to advise on applications for RSA where the level of assistance is in excess of £250,000.

89. During the year SIDAB met on 11 occasions. The Board considered a total of 55 cases and recommended that RSA of £110.8 million be offered. These offers were associated with planned capital investment of £476.1 million and the forecast creation and safeguarding of 12,700 jobs. The average cost per job for these projects was £8,726.

90. Since the last report, Mr Archie Bethel OBE and Mr Afzal Khushi CBE left the Board and I would like to thank them for their valuable input. 2 new members were appointed to the Board in the last year, Mr Neil MacDonald, Director, LEADERS Management and Investment and Mr Kevin Moore, Managing Director, Business Therapies Ltd.

VIKRAM LALL CBE
Chairman

Wales

Government Assistance

91. During the year, 129 applications for RSA were received and 102 offers accepted to the total value of £63.6 million. These projects were associated with £212 million capital investment and were forecast to create 4,155 new jobs and safeguard a further 2,408 jobs, at an average cost per job of £9,698. These figures compared to 122 applications in 2005/2006, with 109 offers accepted to the value of £89.7 million and the creation of 6,178 jobs and the safeguarding of 2,488, at an average cost per job of £10,348.

92. During the year, 295 applications for Assembly Investment Grant were received and 196 offers accepted to the total value of £6.3 million, towards capital expenditure of £23.5 million. This compares to 325 applications in 2005/2006, with 202 offers accepted to the total value of £6 million, towards capital expenditure of £23.4 million.

Report by the Chair of the Welsh Industrial Development Advisory Board

93. The Welsh Industrial Development Advisory Board was set up under section 13 of the Welsh Development Agency Act 1975, to advise Assembly Ministers on applications for RSA where the level of assistance is in excess of £500,000 (raised from £350,000 with effect from 1 April 2006).

94. The Board met on 12 occasions during the year and advised on 32 applications for Regional Selective Assistance. The Board recommended that 95. RSA of just over £76 million be offered to assist £302 million of capital investment which was expected to create 7,847 new jobs and safeguard 1,004 others, at an average cost per job of £8,612.

96. During the year, Mr. G Long and Mr. R Fowler were re-appointed to the Board.

VALERIE BARRETT

Chair

The English Regions

Industrial Development Advisory Board and the Regional Industrial Development Boards

97. 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/her functions under sections 7 and 8 of that Act. The main work of the Board was to advise on individual company applications for SFIE, which was available in the Assisted Areas in England, where the grant sought was £2 million or over (prior to 1 April 2004 its work was to advise on applications for RSA of £2 million or over).

98. There are 7 non-statutory Regional Industrial Development Boards (RIDBs), which have been set up in the English Regions to advise on individual company applications for SFIE between £250,000 and £1.99 million, except the East of England RIDB, which advises on applications between £100,000 and £1.99 million.

99. A full list of all Board members can be found at **Appendix 6**.

Industrial Development Advisory Board

Report by the Chairman of the Industrial Development Advisory Board.

100. The Board met three times during the year. Three cases were examined under section 7 of the Act. The Board found that all cases met the SFIE criteria and recommended to Ministers that they should be supported.

101. The total number of jobs in the three cases were 3,148 of which 890 were new jobs and 2,258 safeguarded. Total capital investment in Assisted Areas of these projects was expected to be £216.2 million.

102. At the request of the Minister of State for the Regions the board also examined the impact of the SFIE cost per job control and proposed changes in order to make it more market facing.

103. I am grateful to members of the Board for their contributions and their support during the year. Michael Beverley retired from the Board during the year and the Board wishes to thank him for his valuable contributions to the Board's activities over several years.

GORDON PAGE CBE
Chairman

East of England

Government Assistance

104. A total of 61 enquiries were received in 2006/2007. This was a decrease of 6 enquiries from the 67 received in 2005/2006. The majority of these applications and enquiries coming forward have fallen below the level of the board's delegated responsibility.

105. 32 (local) applications were received of which 15 funded, which by value were negotiated to below the board level. These were worth £2 million in grant and a capex value of £16.5 million.

106. 1 application was withdrawn by the applicant after an offer letter had been issued. 1 further application is in the process of being appraised.

Report by the Acting Chair of the East of England Industrial Development Board.

107. The East of England Industrial Development Board met six times during 2006/2007. Of the 7 applications which came forward, 5 were supported to the total value of £4.8 million. These projects were associated with £29.6 million capital investment, and were forecast to create 280 jobs and safeguard 621.5 jobs, at an average cost per job of £5,410.

108. 4 projects were supported immediately; 1 was supported following the provision of further information. 1 meeting was inquorate and unable to make a decision. Following advice from Government Office the case in question is to be referred to the Chief Executive of the RDA for a final decision. The information will be fed back to the Chair at the next meeting. The Board did not support 1 application.

109. These figures are compared with 9 applications in 2005/2006 with 5 offers accepted to the value of £1.4 million, towards capital investment of £9.3 million and the creation of 77 jobs and the safeguarding of 125, at an average cost per job of £5,202.

110. More applications at all levels, especially the higher value cases, were being filtered out of the system due to the stricter GVA criteria and therefore do not reach the stage where they are submitted to the board for decisions. It was still generally felt that this criterion increased the quality of applications submitted to the Board.

111. The Chair of the Board reached the end of his term of office at the end of December 2006. The Board expressed its sincere thanks to Keith Hamilton for his excellent Chairmanship during his term. Since January, the Board has been run with an acting Chair in place.

112. A recruitment campaign is currently underway for a new Chair. Another recruitment campaign to increase the number of Board members is planned. Currently, including the Chair, the panel of members stands at 8 which results in difficulties reaching a quorum. The East of England Development Agency will hold an induction day for these new members. This will familiarise the new members with the DTI product and the processes concerned.

A DAVIES
Acting Chairman

London

Government Assistance

113. During the year 25 applications for SFIE were received and 17 offers accepted to the total value of £3.947 million. These projects were associated with £50 million capital investment and were forecast to create 476 jobs and safeguard 443 jobs at an average cost per job of £4,295.

114. These figures compared to 29 applications in 2005/2006, with 29 offers accepted to the value of £5.845 million, towards capital investment of £62.4 million and the creation of 610 jobs and the safeguarding of 964 jobs, at an average cost per job of £3,713.

South East

Government Assistance

115. During the year, 46 applications for SFIE were received and 24 offers accepted to the value of £3.5 million. These projects were associated with £86.8 million capital investment and were forecast to create 400 jobs and safeguard 63 jobs, at an average cost per job of £7,775.

116. These figures compared to 20 applications in 2005/2006, with 9 offers made to the value of £2.1 million, towards capital investment of £79.2 million and the creation of 340 jobs and the safeguarding of 1,305, at an average cost per job of £1,301.

117. In the 2 months prior to the end of the former SFIE scheme in December 2006, SEEDA requested potential applicants submit a summary project proposal before submitting a full application. This allowed for a comprehensive sifting process for quality and forecast productivity growth. SEEDA received 40 summary proposals of which 23 were progressed to full application. This process had greatly increased the quality of full applications submitted to, and supported by, SEEDA.

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

118. 2006/2007 was another year of solid achievement. During the year, the Board held 5 meetings to consider 4 cases from London and 1 case from the South East, for SFIE. Assistance of £4.39 million was approved, promising to lever capital investment of £105.295 million and safeguard/create 609 jobs at an average cost £7,209.

119. London and The South East remain strong economic drivers for the UK economy. However, in an ever changing commercial environment which is becoming increasingly more competitive, the Board is very conscious of the importance of opportunity for all, the development of technical skills throughout the community and the encouragement of entrepreneurship, particularly in deprived areas. The cases considered during the year will continue to address these needs.

120. With the approach of the London 2012 Olympic Games, it was particularly pleasing to note that a number of the applications came from the Lower Lea Valley and that assistance could be provided to help those companies affected to continue to grow their businesses. It is an exciting time for the area and its regeneration is already beginning to bear fruit with the creation of jobs and opportunity.

121. Once again, I am extremely grateful to my colleagues on the Board for continuing to give up their valuable time so freely, and for bringing their considerable expertise to the careful and thoughtful assessment of each case. We were extremely sorry that Jim Hicks was forced to retire during the year due to ill health. Jim was a great strength on the Board and will be much missed. I should also thank Robert Stiles, Praful Davda, Inderjeet Singh Sodhi and Gulbrinder Gill for their contributions to the Board before their retirements this year.

122. I would also like to thank the officers from the LDA and SEEDA who support the Board by providing excellent Quarterly Economic Reports, by preparing succinct case summaries for assessment and for answering the often very searching questions posed to them. Without all their hard work the Board could not operate.

MR J McCREADY

Partner, Ernst & Young UK plc

North East

Government Assistance

123. During the year 140 applications for SFIE were received and 109 offers made to the total value of £27.1 million. These projects were associated with £340.4 million capital investment, and were forecast to create 3,031 jobs and safeguard 2,421 jobs, at an average cost per job of £4,974. These figures compared to 178 applications in 2005/2006, with 124 offers made to the value of £15.8 million, capital investment of £126.7 million and the creation of 2,691 jobs and the safeguarding of 1,452 jobs at an average cost per job of £3,814.

124. The SFI scheme continues to play an important and effective part in the economic development of the North East in line with One NorthEast's Regional Economic Strategy.

125. By focusing on quality aspects of the grants scheme we have been able to secure high value and exciting investment projects for the region.

Report of the Chairman of the North East Industrial Development Board

126. There has been a significant increase in the number of cases handled by the North East Industrial Development Board during the past year with the Board holding 8 meetings and considering a total of 14 SFI applications, compared with 7 cases and 7 meetings in the previous year. The 14 approved projects involved grant support of £17.3 million, capital investment of £254.8 million and the creation of 1,590 new jobs and the safeguarding of 1,185 jobs at an average cost per job of £6,232.

127. The Board was pleased with the outcome of the new assisted areas map review and believes that SFI continues to play an important role in the economic development of the region.

128. I would like to thank Lorna Moran MBE for her important contribution to the Board over many years. Lorna retired as Chairman during the year and will be badly missed. I would also like to thank Rod Taylor and Haani Hasnain who retired during the year.

129. New members welcomed onto the Board during the year were John Pike and Kevin Maw.

130. In addition, I would like to pay tribute to the conscientious hard work of the SFIE team.

LUCY WINSKELL

Chairman

North West

Government Assistance

131. During the year, 91 applications for SFIE were received and 72 offers accepted to the total value of £17.4 million. These projects were associated with £138.9 million capital investment, and were forecast to create 2,240 jobs and safeguard 1,424 jobs, at an average cost per job of £4,749. These figures compared to 128 applications in 2005/2006, with 112 offers accepted to the value of £21.7 million, towards capital investment of £140.56 million and the creation of 2,780 jobs and the safeguarding of 1,167, at an average cost per job of £5,488.

132. The approach adopted by the Northwest Regional Development Agency during the previous year to support projects that demonstrated high quality aspects has resulted in a slight fall in the number of applications received and offers made during the current financial year. However, the quality of the projects supported is significantly higher than those supported in previous years, helping to achieve the Skills, GVA and other quality aspects of the scheme in the region.

Report by the Chair of the North West Industrial Development Board

133. This year has been slightly busier than the previous year for the Northwest Industrial Development Board with the Board meeting on 8 occasions when it considered 14 applications – up by the 6 cases considered in the previous year. 11 of the applications were offered assistance totalling £7.69 million including major investments by Sainsbury's Supermarkets Limited, The Cumberland Pencil Company Limited and Sodexo Service Group Limited. These 11 projects have the potential to lever in capital expenditure totalling £68.02 million whilst creating 831 jobs and safeguarding a further 454 jobs at an average cost per job of £5,984.

134. The Board continues to support the quality approach adopted by the Northwest Regional Development Agency, and the Board's ability to support the majority of the cases presented to it reflects this approach. The cases considered by the Board were mainly from manufacturing companies in the region, which is a positive indicator of the regional economy and is welcomed. The Board supported a variety of projects in the electronics, pharmaceutical, aerospace and composites industries.

135. During the year, the Board welcomed the re-appointment of members; Eva Wisemark and George Verghese.

MARCUS WOOD

Chairman

South West

Government Assistance

136. During the year, 16 applications for SFIE were received and 13 offers accepted to the total value of £3,440 million. These projects were associated with £16,061 million capital investment, and were forecast to create 309 jobs and safeguard 497 jobs, at an average cost per job of £4,268. These figures compared to 19 applications in 2005/2006, with 16 offers accepted to the value of £6,205 million towards capital investment of £33,091 million and the creation of 192 jobs and the safeguarding of 1,083.5 at an average cost per job of £5,727.

137. With the focus on high quality projects, all supported applications have passed the skills and productivity tests as part of SFIE. Emphasis has continued to be placed on the need for projects to demonstrate the presence of innovation, one of the key drivers of productivity improvement, along with evidence demonstrating the project's alignment with the Regional Economic Strategy.

Report by the Chairman

138. During the year the Board met on 3 occasions to consider 3 cases for support. The Board recommended 2 of the cases for support.

139. One application was presented to the board which was not recommended for support. The officials at SWRDA were advised to request additional information on the case prior to the case being reconsidered by the Board. The case was not reconsidered during the year.

140. The total amount of grant recommended was £1,206,125 resulting in capital investment in the region of £7,974 million. This represents a decrease compared to the previous year when the total grant approved was £5,342 million resulting in £28,752 million of capital expenditure.

141. The projects supported this year will result in 45 jobs being created and 321 being safeguarded at an average cost per job of £3,295 compared to an average of £5,263 in the previous year.

142. The applications supported during the year were in the areas of Advanced Engineering and Book Manufacturing.

143. The officials at SWRDA have continued to emphasise the quality features required of successful applications to both companies and their advisers. Emphasis continues to be placed on innovation as a driver of productivity improvement in the South West.

144. The Assisted Area map was reviewed during the year. The region's Assisted Areas remain largely unchanged with the exception of the loss of 5 wards in Plymouth. On the whole, the Board are pleased with the outcome of this review, although there was some disappointment that Torbay had not been awarded Tier 2 status.

145. This year, the Board saw Rama Nand-Lal, John Crownshaw, Alan Hayman, Ruth Bagley, Denise Major and Vicki Pickering re-appointed as members. We welcome these re-appointments.

146. I would like to take this opportunity to thank the Board for their continued commitment throughout the year and for bringing a wealth of experience to the assessment of the cases, and the officials of SWRDA for the high quality of the support which they provide.

TERENCE SLATER
Chairman

West Midlands

Government Assistance

147. During the year, 120 applications for SFIE were received and 88 offers accepted to the total value of £12.6 million. The projects in respect of which offers were accepted were associated with £89.4 million of capital investment, and were forecast to create 1,281 jobs and safeguard 765 jobs, at an average cost per job of £6,179. These figures compared to 94 applications in 2005/2006, with 90 offers of SFIE accepted to the value of £14.3 million, towards capital investment of £101.6 million and the creation of 1,078 jobs and the safeguarding of 1,663 jobs, at an average cost per job of £5,225.

Report by the Chairman of the West Midlands Industrial Development Board

148. During the year, 3 meetings of the West Midlands Industrial Development Board were held and 4 cases considered. These resulted in 4 offers being made to the total value of £5.8 million on projects associated with capital expenditure of £29.2 million, which were forecast to create 337 jobs and safeguard 323 jobs at an average cost per job of £8,797. The projects supported have principally comprised investment in established businesses to protect their competitive position and capitalise on export opportunities.

149. Despite the reduction in Board sized cases, applications and offers in total have been at similar levels to last year. I am grateful to all members for their valuable contribution to the work of the Board.

DAVID GROVE
Chairman

Yorkshire and the Humber

Government Assistance

150. During the year, 106 applications for SFIE were received and 71 offers accepted to the total value of £9.98 million. These projects were associated with £76.42 million capital investment, and were forecast to create 1,121 jobs and safeguard 316 jobs, at an average cost per job of £5,986 (The cost per job excludes grants less than £100,000). These figures compared to 126 applications in 2005/2006, with 96 offers accepted to the value of £14.49 million, towards capital investment of £130.7 million and the creation of 1,306 jobs and the safeguarding of 1,216, at an average cost per job of £5,125.

151. The projects supported by SFIE are forecast to lead to increased productivity against industry averages, and employ people skilled to NVQ level 2 or above. However the number of applications and acceptances went down due to various external factors such as the large increases in energy prices, increases in raw material prices and competition from low labour cost countries.

East Midlands

Government Assistance – Assistance under Section 7

152. During 2006/2007, a total of 34 applications for SFIE in the East Midlands' Assisted Area were received by *emda* and 25 offers made to a value of £6.15 million (2005/2006 – 35 applications received, 27 offers made to a value of £3.61 million). These projects were associated with £61 million of capital investment, and were forecast to create 400 jobs and safeguard 857.5 jobs, at an average cost per job of £4,893 (2005/2006 – £36 million capital investment, 618.5 jobs created and 312.5 jobs safeguarded, and an average cost per job of £3,878).

153. Included in these figures were grants to a value of £4.2 million agreed by the Yorkshire and the Humber and the East Midlands Industrial Development Board. Two of these three grant offers were offered to internationally mobile projects (2005/2006 – £1.3 million agreed and two grant offers, including one internationally mobile project).

154. During 2006/2007, a total of 46 claims from projects in the Assisted Area were processed by *emda*. Final spend on these claims was £5 million. The number of jobs created and safeguarded totalled 931 jobs. As at 31 March 2007, commitments in the East Midlands' Assisted Area stood at £10.1 million covering 79 projects.

Government Assistance – Assistance under Section 8

155. In 2004, *emda* undertook a regional consultation exercise and a full appraisal, resulting in the decision to extend the SFIE scheme beyond the Assisted Area into the East Midlands' Core Objective 2 area for SME businesses only, with the support of the European Regional Development Fund (ERDF). This is effectively the Tier 3 SFIE scheme operated by the other eight English regions. The SFIE Extension scheme in the East Midlands was officially launched on 26 November 2004 and closed to new applications on 31 December 2006.

156. For the nine months to 31 December 2006, 22 applications were received and 15 offers made to a value of £1 million (2005/2006 – 17 applications received, 13 offers made to a value of £626,500). These projects were associated with £10.2 million of capital investment, and were forecast to create 87 jobs and safeguard 144 jobs, at an average cost per job of £4,366 (2005/2006 – £5.8 million capital investment, 78 jobs created and 33 jobs safeguarded, and an average cost per job of £5,491).

157. During 2006/2007, a total of 10 SFIE claims were processed by *emda*. Final spend on these claims was £301,000. The number of jobs created and safeguarded totalled 31 jobs. As at 31 March 2007, commitments in the East Midlands' Core Objective 2 area stood at £1.4 million covering 36 projects.

158. Following the introduction of the SFIE scheme on 1 April 2004, *emda* have continued to place a greater emphasis on the strategic and quality aspects of applications, rigidly applying both the productivity and skills tests. The 40 offers made under both Section 7 and Section 8 in the nine months to 31 December 2006 will generate growth in labour productivity (Gross Value Added) equivalent to £92.8 million. This represents an improvement in labour productivity equivalent to £13.84 for every £ of SFIE grant and compares to £11.68 for every £ of SFIE grant offered in 2005/2006 (an increase of 18.42%).

159. On 1 April 2004, *emda* took over responsibility for paying the remaining claims under the Enterprise Grant Scheme (EGS). During 2006/2007, a total of 2 EGS claims were processed to a value of £34,342, creating 6 jobs. As at 31 March 2007, no further grant payment commitments remain.

160. *emda's* Board approved the region-wide delivery of the SFIE scheme to small and medium-sized enterprises across the whole of the East Midlands on 25 January 2007, as well as small and medium-sized enterprises and large businesses in the region's Assisted Area. The East Midlands' Assisted Area for the period 2007 – 2013 is reduced in size by a third following the recent review of the UK's Assisted Areas and has lost a number of significant employment centres.

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

161. The Board was of the opinion that SFIE had played a significant role in securing additional capital investment in the region, despite the continuing difficult business climate for the region's key manufacturing markets, and in creating and safeguarding jobs in the region this year. During the year the Board met on 9 occasions and considered a total of 11 SFIE applications. A total of 11 offers of grant totaling £11.8m were approved in support of projects expected to result in £95.9 million capital expenditure and the creation/safeguarding of 2,327 jobs. The average cost per job was £5,069 on cases considered by the Board.

162. This year, the Board saw Edwards Stanners and Gary Lumby re-appointed as members. We welcomed these re-appointments. Andrew Bradley and Christine Dunn were not re-appointed, we thank them for their contribution to the Board.

ZULFI HUSSAIN
Chairman

APPENDIX 1

Statistics relating to the Regional Selective Assistance Scheme:

TABLE 1 RSA SCHEME - PROJECT GRANTS BY ASSISTED AREAS
APPLICATIONS RECEIVED IN SCOTLAND AND WALES (1) FROM 1 APRIL 2006
TO 31 MARCH 2007
CUMULATIVE APPLICATIONS RECEIVED FROM 1 APRIL 1997 to 31 MARCH 2007

Country:	<i>Applications Received 01.04.06 to 31.03.07</i>		<i>Cumulative Applications Received 01.04.97 to 31.03.07</i>	
	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>
Scotland⁽²⁾				
Development Area	-	-	878	557,298
Intermediate Area	-	-	-	-
Tier 1 ⁽³⁾	-	-	-	-
Tier 2 ⁽³⁾	301	324,624	2,516	1,488,492
Total	301	324,624	3,394	2,045,790
Wales				
Development Area	-	-	154	103,994
Intermediate Area	-	-	324	159,914
Tier 1 ⁽³⁾	94	67,532	1,037	653,333
Tier 2 ⁽³⁾	35	28,970	281	238,612
Total	129	96,502	1,796	1,155,853
Total:⁽⁴⁾				
Development Area	-	-	1,032	661,292
Intermediate Area	-	-	324	159,914
Tier 1 ⁽¹⁾	94	67,532	1,037	653,333
Tier 2 ⁽¹⁾	336	353,594	2,797	1,727,104
Total	430	421,126	5,190	3,201,643

(1) RSA Scheme closed to new applications in England from 31 March 2004.

(2) Scottish figures incorporate data for the Invest for Growth Scheme.

Cumulative Scottish figures no longer available split by DAs and IAs due to changes in data storage.

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

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

**TABLE 2 RSA SCHEME - PROJECT GRANTS BY ASSISTED AREA
OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2005 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 1997⁽¹⁾
TO 31 MARCH 2007**

Country	Offers Accepted 1.4.05 to 31.3.06						Cumulative Offers Accepted 1.4.96 to 31.3.06					
	No.	Value (£000)	Associated Project Costs (£000)	Forecast Employment ⁽²⁾		Payments 1.4.06 to 31.3.07 (£000)	No.	Value (£000)	Associated Project Costs (£000)	Forecast Employment ⁽²⁾		Payments 1.4.97 to 31.3.07 ⁽³⁾ (£000)
			New	Safeguarded					New	Safeguarded		
Great Britain:												
Development Area	-	-	-	-	-	-	1,572	289,803	1,975,008	39,441	19,060	308,296
Intermediate Area	-	-	-	-	-	-	1,583	307,596	4,523,373	54,856	24,494	238,986
Tier 1 ⁽⁴⁾	79	51,829	173,211	2,802	2,248	51,585	1,085	590,846	2,563,056	43,875	24,931	391,814
Tier 2	157	104,230	456,166	6,981	3,768	98,447	2,877	1,460,771	12,186,230	135,091	79,860	1,060,705
Total	236	156,059	629,377	9,783	6,016	150,032	7,117	2,649,016	21,247,667	273,263	148,345	1,999,801
Scotland: ^(5, 6)												
Development Area	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate Area	-	-	-	-	-	-	-	-	-	-	-	-
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	134	92,410	416,944	5,628	3,608	46,008	1,831	803,183	5,778,999	72,909	37,007	519,737
Total	134	92,410	416,944	5,628	3,608	46,008	1,831	803,183	5,778,999	72,909	37,007	519,737
Wales:												
Development Area	-	-	-	-	-	-	127	42,050	196,175	4,594	1,856	95,703
Intermediate Area	-	-	-	-	-	-	275	156,964	2,330,867	22,416	4,870	104,357
Tier 1	79	51,829	173,211	2,802	2,248	36,657	845	485,912	1,714,560	31,232	16,379	269,875
Tier 2	23	11,820	39,222	1,353	160	15,777	227	149,957	1,405,659	14,131	3,585	116,171
Total	102	63,649	212,433	4,155	2,408	52,434	1,474	834,883	5,647,261	72,373	26,690	586,106
England: ⁽⁷⁾												
Development Area	-	-	-	-	-	-	1,445	247,753	1,778,833	34,847	17,204	212,593
Intermediate Area	-	-	-	-	-	-	1,308	150,632	2,192,506	32,440	19,624	134,629
Tier 1	-	-	-	-	-	14,928	240	104,934	848,496	12,643	8,552	121,939
Tier 2	-	-	-	-	-	36,662	819	507,631	5,001,572	48,051	39,268	424,797
Total	0	0	0	0	0	51,590	3,812	1,010,950	9,821,407	127,981	84,648	893,958

- (1) Information prior to 1996-97 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) Tier 1 and 2 Areas effective from 1 January 2000.
(5) Scottish figures incorporate data for the Invest For Growth Scheme.
(6) Scottish figures no longer available split by DAs and IAs due to changes in data collection.
(7) English data refers to offers accepted on applications received before the scheme closure in England on 31 March 2004.

**TABLE 3 RSA SCHEME - PROJECT GRANTS - EMPLOYMENT
CUMULATIVE OFFERS ACCEPTED FROM 1 APRIL 1997 TO 31 MARCH 2005
PAYMENTS AND EMPLOYMENT CREATED OR SAFEGUARDED FROM 1 APRIL 1997
TO 31 MARCH 2007**

Country:	<i>Offers Accepted 1.4.97 to 31.3.05</i>			<i>Offers Accepted 1.4.97 to 31.3.05 where some payment made up to 31.3.07</i>			<i>Total Payments to 31.3.07 (£000)</i>	<i>Employment created and safeguarded to 31.3.07</i>
	<i>No.</i>	<i>Value (£000)</i>	<i>Forecast⁽¹⁾ Employment</i>	<i>No.</i>	<i>Value (£000)</i>	<i>Forecast⁽¹⁾ Employment</i>		
Great Britain:	6,576	2,278,303	383,424	5,233	1,743,847	293,496	1,429,126	311,593
Scotland:	1,547	649,049	91,822	1,126	452,516	64,737	350,954	56,917
Wales:	1,256	638,972	81,164	1,068	553,173	67,848	394,598	59,737
England: ²	3,773	990,282	210,438	3,039	738,158	160,911	683,574	194,939

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

(2) English data refers to offers accepted on applications received before the scheme closure in England on 31 March 2004.

**TABLE 4 RSA SCHEME - PROJECT GRANTS IN GREAT BRITAIN⁽¹⁾ BY TYPE OF INDUSTRY
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 1996⁽²⁾
TO 31 MARCH 2006**

<i>Standard Industrial Classification (SIC) 1992</i>		<i>Cumulative Offers Accepted 1.4.96 to 31.3.06</i>					
<i>Class/Description</i>		<i>No.</i>	<i>Value (£000)</i>	<i>Associated Project Costs (£000)</i>	<i>New</i>	<i>Forecast⁽³⁾ Employment Safeguarded</i>	<i>Payments 1.4.96 to 31.3.06⁽⁴⁾ (£000)</i>
01-05	Agriculture, hunting, forestry and fishing	32	6,053	52,886	714	574	4,487
10-14	Mining & Quarrying	12	2,550	20,998	142	235	1,760
15-37	Manufacturing:						
15-16	Food, beverages & tobacco	530	167,366	1,150,737	18,625	14,423	144,848
17-19	Textiles, clothing, leather & footwear	298	37,005	232,734	6,007	4,462	34,275
20-22	Wood, paper, printing & publishing	595	129,563	1,204,384	10,872	9,056	89,423
23-25	Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	752	353,080	2,831,474	23,310	21,016	244,090
26	Non-metallic mineral products	190	59,081	998,282	5,169	4,198	42,135
27-28	Metals & fabricated metal products	1,152	169,235	1,213,263	18,300	13,880	143,520
29	Machinery & equipment nes	548	141,389	875,079	13,342	11,494	110,975
30-33	Electrical & optical equipment	694	598,315	6,566,704	49,242	21,244	389,063
34-35	Transport equipment	320	406,425	3,162,887	20,291	29,133	400,922
36-37	Other manufacturing	421	60,886	337,621	7,706	4,211	47,025
40-41	Electricity, gas & water supply	10	7,224	44,156	431	876	4,985
45	Construction	160	24,197	160,821	3,130	922	18,254
50-52	Wholesale & retail trade, repairs	270	53,162	307,506	9,478	2,967	37,778
55	Hotels & restaurants	13	1,976	8,783	672	256	3,318
60-64	Transport, storage & communication	147	78,455	399,571	20,306	1,420	49,483
65-67	Financial intermediation	75	85,482	461,931	21,169	447	63,004
70-74	Real estate, renting & business activities	729	225,455	970,267	38,617	6,128	137,104
75-99	Other Services	169	42,117	247,583	5,740	1,403	33,352
Total		7,117	2,649,016	21,247,667	273,263	148,345	1,999,801

(1) English data relates to offers accepted of applications received before the scheme closure in England on 31 March 2004.

(2) Information on closed schemes and on Project Grants prior to 1997-98 can be obtained from earlier Annual Reports of the Industrial Development Act.

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

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

TABLE 5 RSA SCHEME – PROJECT GRANTS BY COUNTRY
APPLICATIONS, OFFERS ACCEPTED AND PAYMENTS MADE 2003-04 TO 2006-07

Country:	Applications			Offers Accepted ⁽¹⁾			Forecast ⁽²⁾		Payments ⁽³⁾ (£'000)
	Financial year of application, acceptance or payment	No.	Value (£'000)	No.	Value (£'000)	Associated Project Costs (£'000)	Employment		
							New	Safeguarded	
Great Britain:	2003-04	751	417,043	559	294,942	1,912,351	23,419	19,703	148,583
	2004-05	373	218,544	394	195,824	1,290,539	17,354	13,277	207,401
	2005-06	317	173,310	263	149,666	870,127	12,306	4,755	165,267
	2006-07	430	421,126	236	156,059	629,377	9,783	6,016	150,032
Scotland:	2003-04	209	70,876	157	46,611	209,968	4,017	3,154	41,993
	2004-05	220	124,098	163	69,839	241,522	7,092	2,975	45,482
	2005-06	195	89,828	151	59,415	245,682	6,076	2,214	32,785
	2006-07	301	324,624	134	92,410	416,944	5,628	3,608	46,008
Wales:	2003-04	180	131,484	144	98,166	513,099	6,435	2,302	42,029
	2004-05	153	94,446	116	49,610	154,970	4,029	2,751	75,324
	2005-06	122	83,482	109	89,679	620,748	6,178	2,488	57,353
	2006-07	129	96,502	102	63,649	212,433	4,155	2,408	52,434
England:⁽⁴⁾	2003-04	362	214,683	258	150,165	1,189,284	12,967	14,247	64,561
	2004-05	-	-	115	76,375	894,047	6,233	7,551	86,595
	2005-06	-	-	3	572	3,697	52	53	75,129
	2006-07	-	-	-	-	-	-	-	51,590

⁽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.

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

**TABLE 6 RSA SCHEME – PROJECT GRANTS BY UK AND FOREIGN OWNED COMPANIES
OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 1997 TO 31 MARCH 2007**

Country:	Offers Accepted 1.4.06 to 31.3.07						Cumulative Offers Accepted 1.4.97 to 31.3.07					
	No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽¹⁾ New Safeguarded	Payments 1.4.06 to 31.3.07 (£'000)		No.	Value (£'000)	Associated Project Costs (£'000)	Forecast Employment ⁽¹⁾ New Safeguarded		1.4.97 to 31.3.07 ⁽²⁾ (£'000)
Great Britain:												
UK Owned	186	79,549	332,207	6,327	2,977	75,220	6,009	1,316,720	8,154,797	165,690	78,999	1,012,941
Foreign Owned	50	76,510	297,170	3,456	3,039	74,812	1,108	1,332,296	13,092,870	107,573	69,346	986,860
Total	236	156,059	629,377	9,783	6,016	150,032	7,117	2,649,016	21,247,667	273,263	148,345	1,999,801
Scotland:												
UK Owned	98	44,562	223,153	3,138	1,859	22,862	1,448	370,958	1,895,552	36,209	20,755	251,563
Foreign Owned	36	47,848	193,791	2,490	1,749	23,146	383	432,225	3,883,447	36,700	16,252	268,174
Total	134	92,410	416,944	5,628	3,608	46,008	1,831	803,183	5,778,999	72,909	37,007	519,737
Wales:												
UK Owned	88	34,987	109,054	3,189	1,118	28,557	1,218	356,541	1,475,349	39,890	13,130	287,891
Foreign Owned	14	28,662	103,379	966	1,290	23,877	256	478,342	4,171,912	32,483	13,560	298,215
Total	102	63,649	212,433	4,155	2,408	52,434	1,474	834,883	5,647,261	72,373	26,690	586,106
England:⁽³⁾												
UK Owned	-	-	-	-	-	23,801	3,343	589,221	4,783,896	89,591	45,114	473,487
Foreign Owned	-	-	-	-	-	27,789	469	421,729	5,037,511	38,390	39,534	420,471
Total	0	0	0	0	0	51,590	3,812	1,010,950	9,821,407	127,981	84,648	893,958

⁽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.

⁽³⁾ English data relates to offers accepted of applications received before the scheme closure in England on 31 March 2004.

**TABLE 7 RSA SCHEME - APPLICATIONS REJECTED AND WITHDRAWN FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN FROM 1 APRIL 1997 TO 31 MARCH 2007**

Country:	Applications Rejected and Withdrawn 1.4.06 to 31.3.07			DA	Cumulative Applications Rejected and Withdrawn 1.4.97 to 31.3.07			
	Tier 1 ⁽¹⁾	Tier 2 ⁽¹⁾	Total		IA	Tier 1 ⁽¹⁾	Tier 2 ⁽¹⁾	Total
Great Britain:	1	70	71	643	584	93	512	1,832
England:	-	-	-	477	584	23	97	1,181
Scotland:⁽²⁾	-	68	68	98	-	-	393	491
Wales:	1	2	3	68	-	70	22	160

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

⁽²⁾ Scottish figures no longer available split by DAs and IAs due to changes in data collection.

APPENDIX 2

Statistics Relating to the Selective Finance for Investment in England Scheme:

TABLE 1 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND - TIER 1 AND 2 AREAS
 APPLICATIONS RECEIVED FROM 1 APRIL 2006 TO 31 MARCH 2007
 CUMULATIVE APPLICATIONS RECEIVED FROM 1 APRIL 2004 TO 31 MARCH 2007

Country/Region	<i>Offers Accepted from 01.04.06 to 01.03.07</i>						<i>Cumulative Offers Accepted from 01.04.04 to 31.03.07</i>					
	<i>Tier 1 Areas</i>		<i>Tier 2 Areas</i>		<i>Total Areas</i>		<i>Tier 1 Areas</i>		<i>Tier 2 Areas</i>		<i>Total Areas</i>	
	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>
England:	87	27,385	395	211,998	482	239,383	337	108,012	1,206	498,249	1,543	606,261
East:	-	-	21	7,227	21	7,227	-	-	61	14,560	61	14,560
East Midlands:	-	-	30	18,833	30	18,833	-	-	105	28,649	105	28,649
London:	-	-	10	4,593	10	4,593	-	-	46	29,774	46	29,774
North East:	-	-	146	39,821	146	39,821	-	-	397	88,592	397	88,592
North West:	22	4,571	57	22,764	79	27,335	120	37,171	200	59,840	320	97,011
South East:	-	-	13	9,405	13	9,405	-	-	33	26,476	33	26,476
South West:	12	5,411	4	1,238	16	6,649	42	15,112	20	26,327	62	41,439
West Midlands:	-	-	74	100,408	74	100,408	-	-	224	202,043	224	202,043
Yorkshire and Humberside:	53	17,403	40	7,709	93	25,112	175	55,729	120	21,988	295	77,717

**TABLE 2 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND - TIER 1 AND 2 AREAS
OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2004 TO 31 MARCH 2007**

Country/Region	No.	Associated Project Costs		Forecast Employment ⁽¹⁾		Payments	No.	Associated Project Costs		Forecast Employment ⁽¹⁾		Payments
		Value (£000)	(£000)	New	Safeguarded	1.4.06 to 31.3.07 (£000)		Value (£000)	(£000)	New	Safeguarded	1.4.04 to 31.3.07 (£000)
ENGLAND:												
Tier 1	62	13,279	80,427	1,516	911	2,002	219	40,291	315,423	3,649	3,676	6,265
Tier 2	285	59,109	534,904	5,572	6,334	12,334	791	158,676	1,552,147	16,321	17,879	34,671
TOTAL	347	72,388	615,331	7,088	7,245	14,336	1,010	198,967	1,867,570	19,970	21,555	40,936
East:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	10	4,074	28,144	295	484	326	31	7,015	49,796	723	643	697
TOTAL	10	4,074	28,144	295	484	326	31	7,015	49,796	723	643	697
East Midlands:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	20	5,017	51,409	285	639	422	61	11,477	111,136	1,071	1,081	2,189
TOTAL	20	5,017	51,409	285	639	422	61	11,477	111,136	1,071	1,081	2,189
London:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	7	2,444	33,254	252	327	1,164	34	15,547	292,258	691	2,681	3,361
TOTAL	7	2,444	33,254	252	327	1,164	34	15,547	292,258	691	2,681	3,361
North East:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	110	17,379	88,317	2,279	1,503	2,418	279	43,660	309,491	6,737	4,115	6,362
TOTAL	110	17,379	88,317	2,279	1,503	2,418	279	43,660	309,491	6,737	4,115	6,362
North West:												
Tier 1	19	3,361	18,541	704	138	232	76	14,015	163,079	1,527	1,299	1,638
Tier 2	46	14,196	172,859	716	2,535	422	130	34,437	317,928	2,976	3,881	8,060
TOTAL	65	17,557	191,400	1,420	2,673	654	206	48,452	481,007	4,503	5,180	9,698
South East:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	5	2,242	63,038	224	3	44	15	6,229	155,925	714	1,435	200
TOTAL	5	2,242	63,038	224	3	44	15	6,229	155,925	714	1,435	200
South West:												
Tier 1	8	2,259	8,052	161	235	490	27	5,704	20,097	435	548	1,095
Tier 2	4	1,591	8,182	97	327	56	16	7,229	40,941	291	1,421	2,138
TOTAL	12	3,850	16,234	258	562	546	43	12,933	61,038	726	1,969	3,233
West Midlands:												
Tier 1	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2	60	10,318	72,910	1,173	476	7,028	148	25,550	170,743	2,299	2,181	10,291
TOTAL	60	10,318	72,910	1,173	476	7,028	148	25,550	170,743	2,299	2,181	10,291
Yorkshire and Humberside:												
Tier 1	35	7,659	53,834	651	538	1,280	116	20,572	132,247	1,687	1,829	3,532
Tier 2	23	1,848	16,791	251	40	454	77	7,532	103,929	819	441	1,373
TOTAL	58	9,507	70,625	902	578	1,734	193	28,104	236,176	2,506	2,270	4,905

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

TABLE 3 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND BY TYPE OF INDUSTRY
- TIER 1 AND 2 AREAS CUMULATIVE OFFERS ACCEPTED AND PAYMENTS
FROM 1 APRIL 2004 TO 31 MARCH 2007

Standard Industrial Classification (SIC) 2003		No.	Value (£000)	Associated Project Costs (£000)	Forecast ⁽¹⁾ Employment		Payments 1.4.04 to 31.3.07 (£000)
Class/Description					New	Safeguarded	
01-05	Agriculture, hunting, forestry and fishing	-	-	-	-	-	-
10-14	Mining & Quarrying	-	-	-	-	-	-
15-37	Manufacturing:						
15-16	Food, beverages & tobacco	70	10,824	123,132	2,058	1,006	646
17-19	Textiles, clothing, leather & footwear	16	1,729	14,853	260	154	220
20-22	Wood, paper, printing & publishing	73	12,818	123,378	987	1,290	3,574
23-25	Coke, petroleum, nuclear fuels, chemicals, m.m.fibres, rubber & plastic	88	17,894	152,832	918	2,190	2,527
26	Non-metallic mineral products	25	3,282	48,917	152	463	1,132
27-28	Metals & fabricated metal products	245	35,852	239,385	2,922	4,416	10,184
29	Machinery & equipment nes	51	9,882	68,331	557	1,608	2,673
30-33	Electrical & optical equipment	51	7,392	50,722	788	736	1,667
34-35	Transport equipment	41	33,887	494,903	1,557	4,633	4,970
36-37	Other manufacturing & recycling	75	10,912	99,868	882	1,396	3,237
40-41	Electricity, gas & water supply	1	150	800	22	0	0
45	Construction	41	5,303	34,196	985	108	773
50-52	Wholesale & retail trade, repairs	52	6,782	53,830	743	412	2,626
55	Hotels & restaurants	2	150	1,400	45	0	0
60-64	Transport, storage & communication	14	2,999	8,049	460	154	127
65-67	Financial intermediation	8	8,625	115,028	1,745	1,376	2,220
70-74	Real estate, renting & business activities	125	24,846	146,003	4,184	1,510	3,580
75-99	Other Services	32	5,640	91,943	705	103	780
Total		1,010	198,967	1,867,570	19,970	21,555	40,936

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

TABLE 4 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND BY UK AND FOREIGN OWNED COMPANIES - TIER 1 AND 2 AREAS
OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2004 TO 31 MARCH 2007

	Offers Accepted 1.4.06 to 31.3.07						Cumulative Offers Accepted 1.4.04 to 31.3.07					
	No.	Value (£000)	Associated Project Costs (£000)	Forecast Employment ⁽¹⁾		Payments 1.4.06 to 31.3.07 (£000)	No.	Value (£000)	Associated Project Costs (£000)	Forecast Employment ⁽¹⁾		Payments 1.4.04 to 31.3.07 (£000)
				New	Safe- guarded	New				Safe- guarded		
ENGLAND:												
UK Owned	304	46,518	390,301	5,889	3,364	11,994	895	122,111	1,018,086	15,489	10,921	28,151
Foreign Owned	43	25,870	225,030	1,199	3,881	2,342	115	76,856	849,484	4,481	10,634	12,785
Total	347	72,388	615,331	7,088	7,245	14,336	1,010	198,967	1,867,570	19,970	21,555	40,936
East:												
UK Owned	9	2,974	19,550	200	484	326	29	5,837	40,589	617	643	667
Foreign Owned	1	1,100	8,594	95	-	-	2	1,178	9,207	106	-	30
Total	10	4,074	28,144	295	484	326	31	7,015	49,796	723	643	697
East Midlands:												
UK Owned	20	5,017	51,409	285	639	422	53	9,279	93,881	933	895	1,754
Foreign Owned	-	-	-	-	-	-	8	2,198	17,255	138	186	435
Total	20	5,017	51,409	285	639	422	61	11,477	111,136	1,071	1,081	2,189
London:												
UK Owned	7	2,444	33,254	252	327	1,164	28	5,133	61,028	606	675	2,281
Foreign Owned	-	-	-	-	-	-	6	10,414	231,230	85	2,006	1,080
Total	7	2,444	33,254	252	327	1,164	34	15,547	292,258	691	2,681	3,361
North East:												
UK Owned	94	10,051	60,078	1,783	728	2,158	239	25,843	202,980	4,792	2,044	4,448
Foreign Owned	16	7,328	28,239	496	775	260	40	17,817	106,511	1,945	2,071	1,914
Total	110	17,379	88,317	2,279	1,503	2,418	279	43,660	309,491	6,737	4,115	6,362
North West:												
UK Owned	55	8,034	63,967	1,237	550	654	184	23,502	174,314	3,221	1,751	4,798
Foreign Owned	10	9,523	127,433	183	2,123	-	22	24,950	306,693	1,282	3,429	4,900
Total	65	17,557	191,400	1,420	2,673	654	206	48,452	481,007	4,503	5,180	9,698
South East:												
UK Owned	4	2,157	62,698	220	3	44	11	4,474	143,672	578	1,295	200
Foreign Owned	1	85	340	4	-	-	4	1,755	12,253	136	140	-
Total	5	2,242	63,038	224	3	44	15	6,229	155,925	714	1,435	200
South West:												
UK Owned	10	2,444	8,810	189	240	546	38	8,823	39,439	617	787	2,429
Foreign Owned	2	1,406	7,424	69	322	-	5	4,110	21,599	109	1,182	804
Total	12	3,850	16,234	258	562	546	43	12,933	61,038	726	1,969	3,233
West Midlands:												
UK Owned	55	8,190	54,010	1,069	318	5,706	138	18,950	121,901	2,086	1,464	8,227
Foreign Owned	5	2,128	18,900	104	158	1,322	10	6,600	48,842	213	717	2,064
Total	60	10,318	72,910	1,173	476	7,028	148	25,550	170,743	2,299	2,181	10,291
Yorkshire and Humberside:												
UK Owned	50	5,207	36,525	654	75	974	175	20,270	140,282	2,039	1,367	3,347
Foreign Owned	8	4,300	34,100	248	503	760	18	7,834	95,894	467	903	1,558
Total	58	9,507	70,625	902	578	1,734	193	28,104	236,176	2,506	2,270	4,905

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

TABLE 5 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND - TIER 1 AND 2 AREAS
APPLICATIONS REJECTED AND WITHDRAWN FROM 1 APRIL 2006 TO MARCH 2007
CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN FROM 1 APRIL 2004
TO MARCH 2007

	<i>Applications Rejected and Withdrawn 01.04.06 to 31.03.07</i>			<i>Cumulative Applications Rejected and Withdrawn 01.04.04 to 31.03.07</i>		
	<i>Tier 1</i>	<i>Tier 2</i>	<i>Total</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Total</i>
England:	17	91	108	75	221	296
East:	-	16	16	-	21	21
East Midlands:	-	10	10	-	27	27
London:	-	1	1	-	7	7
North East:	-	18	18	-	55	55
North West:	5	14	19	32	42	74
South East:	-	1	1	-	9	9
South West:	2	1	3	10	4	14
West Midlands:	-	23	23	-	35	35
Yorkshire and Humberside	10	7	17	33	21	54

TABLE 6 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND - TIER 3
APPLICATIONS RECEIVED FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE APPLICATIONS RECEIVED FROM 1 APRIL 2004 TO 31 MARCH 2007

	<i>Applications Received 01.04.06 to 31.03.07</i>		<i>Cumulative Applications Received 01.04.04 to 31.03.07</i>	
	<i>No.</i>	<i>Value (£000)</i>	<i>No.</i>	<i>Value (£000)</i>
England:	161	17,192	382	33,967
East:	13	840	29	1,971
East Midlands:	22	1,563	42	3,028
London:	21	4,789	39	6,145
North East:	2	118	20	1,787
North West:	7	295	43	2,084
South East:	30	2,691	49	3,864
South West:	1	100	11	1,628
West Midlands:	46	4,395	83	8,037
Yorkshire and Humberside	19	2,401	66	5,423

TABLE 7 SELECTIVE FINANCE FOR INVESTMENT IN ENGLAND - TIER 3
OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2004 TO
31 MARCH 2007

	Offers Accepted 01.04.06 to 31.03.07						Cumulative Offers Accepted 01.04.04 to 31.03.07					
	<i>No.</i>	<i>Associated Project</i>		<i>Forecast Employment⁽¹⁾</i>		<i>Payments 1.4.06 to 31.3.07</i>	<i>No.</i>	<i>Associated Project</i>		<i>Forecast Employment⁽¹⁾</i>		<i>Payments 1.4.04 to 31.3.07</i>
		<i>Value (£000)</i>	<i>Costs (£000)</i>	<i>New</i>	<i>Safe- guarded</i>	<i>(£000)</i>		<i>Value (£000)</i>	<i>Costs (£000)</i>	<i>New</i>	<i>Safe- guarded</i>	<i>(£000)</i>
England:	103	6,517	60,695	793	604	2,441	235	13,195	120,798	1,557	993	4,538
East:	6	396	2,637	18	6	57	17	956	6,190	60	50	275
East Midlands:	15	978	10,210	87	144	301	27	1,730	17,110	178	179	640
London:	15	752	8,440	281	44	259	23	1,083	11,816	340	108	297
North East:	2	115	1,561	19	4	113	12	890	8,041	199	23	277
North West:	4	228	1,510	61	11	-	31	1,419	12,110	245	89	299
South East:	17	1,090	8,979	91	65	294	23	1,304	10,825	101	70	391
South West:	2	190	1,875	65	-	-	6	359	3,247	107	13	26
West Midlands:	30	2,400	21,000	109	323	810	50	3,608	30,886	184	366	1,076
Yorkshire and Humberside	12	368	4,483	62	7	607	46	1,846	20,573	143	95	1,257

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

APPENDIX 3

Enterprise Grant Scheme⁽¹⁾

TABLE 1 OFFERS ACCEPTED AND PAYMENTS FROM
1 APRIL 2006 TO 31 MARCH 2007
CUMULATIVE OFFERS ACCEPTED AND PAYMENTS FROM 1 APRIL 2000 TO
31 MARCH 2007

	<i>Offers accepted and payments 1.4.06 to 31.3.07</i>				<i>Cumulated offers accepted and payments 1.4.00 to 31.3.07</i>			
	<i>No.</i>	<i>Value (£000)</i>	<i>Associated Capital Costs (£000)</i>	<i>Payments 1.4.06 to 31.3.07 (£000)</i>	<i>No.</i>	<i>Value (£000)</i>	<i>Associated Capital Costs (£000)</i>	<i>Payments 1.4.00 to 31.3.07 (£000)</i>
East:	-	-	-	29	-	-	-	1,018
East Midlands:	-	-	-	34	-	-	-	6,186
London:	-	-	-	18	-	-	-	1,370
North East:	-	-	-	294	-	-	-	11,566
North West:	-	-	-	310	-	-	-	11,231
South East:	-	-	-	74	-	-	-	2,782
South West:	-	-	-	-	-	-	-	1,765
West Midlands:	-	-	-	132	-	-	-	5,749
Yorkshire and Humberside	-	-	-	163	-	-	-	11,001
Total:	0	0	0	1,054	0	0	0	52,668

⁽¹⁾ The scheme closed to new applications on 31 March 2004.

APPENDIX 4

TABLE 1 ASSEMBLY INVESTMENT GRANT SCHEME⁽¹⁾ OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2006 TO 31 MARCH 2007 CUMULATIVE OFFERS ACCEPTED AND PAYMENTS 1 APRIL 2002 TO 31 MARCH 2007

<i>Country/Region</i>	<i>Offers Accepted 1.4.06 to 31.3.07</i>				<i>Cumulative Offers Accepted 1.4.02 to 31.3.07</i>			
	<i>No.</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Payments 1.4.06 to 31.3.07 (£'000)</i>	<i>No.</i>	<i>Value (£'000)</i>	<i>Associated Project Costs (£'000)</i>	<i>Payments 1.4.02 to 31.3.07 (£'000)</i>
Great Britain:	196	6,317	23,457	5,752	1,547	48,051	162,425	38,526
Scotland:	-	-	-	-	-	-	-	-
Wales:	196	6,317	23,457	5,752	1,547	48,051	162,425	38,526
England:	-	-	-	-	-	-	-	-

⁽¹⁾ The Assembly Investment Grant Scheme was introduced on 1 April 2002 and is run solely by the National Assembly for Wales.

TABLE 2 ASSEMBLY INVESTMENT GRANT⁽¹⁾ SCHEME APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 2006 TO 31 MARCH 2007 CUMULATIVE APPLICATIONS REJECTED AND WITHDRAWN 1 APRIL 2002 TO 31 MARCH 2007

<i>Country/Region</i>	<i>Applications Rejected and Withdrawn 1.4.06 to 31.3.07 All Assisted Areas</i>	<i>Cumulative Applications Rejected and Withdrawn 1.4.02 to 31.3.07 All Assisted Areas</i>
Great Britain	74	505
Scotland	-	-
Wales	74	505
England	-	-

⁽¹⁾ The Assembly Investment Grant Scheme was introduced on 1 April 2002 and is run solely by the National Assembly for Wales.

APPENDIX 5

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 31 March 2007 for those applications approved during the year. Figures for previous assistance under Section 13 are available in earlier Annual Reports.)

	<i>Applications</i>					<i>Applications Approved</i>			
	<i>Service</i>	<i>Brought Forward from 2005/2006</i>	<i>Received in 2006/2007</i>	<i>Rejected</i>	<i>Withdrawn</i>	<i>Under Consideration</i>	<i>Number</i>	<i>Estimated Cost (£)</i>	<i>Estimated Grant (£)</i>
DTR ⁽¹⁾	Roads	6	0	1	0	1	4	9,674	2,902
DEFRA ⁽²⁾	Water and Sewerage	3	1	1	0	1	2	501,158.85	150,347.65
National Assembly for Wales	Roads	0	0	0	0	0	0	0	0
	Water and Sewerage	0	0	0	0	0	0	0	0
Total		9	1	2	0	2	6	510,832.85	153,249.65

⁽¹⁾ Department for Transport

⁽²⁾ Department for Environment, Food and Rural Affairs

⁽³⁾ IDA Grant Scheme Section 13 operated by the Scottish Executive Transport Division and Environment Department closed with effect from 1 April 2005

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 2007.

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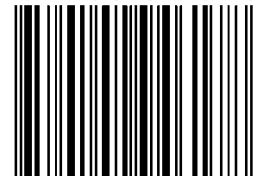
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