



**AGENDA ITEM: 17**

**CABINET: 13<sup>th</sup> September 2011**

**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
29<sup>th</sup> September 2011**

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**Report of: Director of Transformation**

**Relevant Head of Service: Borough Economic Regeneration & Strategic  
Property Officer**

**Relevant Portfolio Holder: Councillor A Owens**

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**SUBJECT: REVISION OF INDUSTRIAL DEVELOPMENT ACT 1982**

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Wards affected: Borough Wide

**1.0 PURPOSE OF THE REPORT**

1.1 To seek approval to submit comments on the proposed revisions to the Industrial Development Act 1982 (IDA).

**2.0 RECOMMENDATION TO CABINET**

2.1 That the proposed response to the Department for Business, Innovation and Skills (BIS) consultation paper on revisions to the IDA, attached as an Appendix to the report be approved.

2.2 That the Borough Economic Regeneration and Strategic Property Officer, in consultation with the Portfolio for Regeneration and Estates, be authorised to make final amendments to the response and submit to the BIS, taking into account the agreed comments of the Executive Overview and Scrutiny Committee.

2.3 That Call In is not appropriate for this item as the report is being referred to Executive Overview and Scrutiny Committee on 29 September 2011.

**3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE**

- 3.1 That the response to the BIS consultation, set out in the Appendix to the report, be noted and agreed comments be referred to the Borough Economic Regeneration and Strategic Property Officer for consideration, in consultation with the Portfolio for Regeneration and Estates.

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## 4.0 BACKGROUND

- 4.1 The Council has been consulted on the desirability of revising the IDA. The IDA provides for financial support to be provided by the government to industry in the United Kingdom. The government proposes updating this Act so that it more accurately reflects current economic realities. In the Government's view there are several outdated requirements in the IDA, which have stood unchanged since 1982. The full text of the act can be found at <http://www.legislation.gov.uk/ukpga/1982/52>. Comments have to be made by 19<sup>th</sup> October 2011. Comments will be collated and summarised for the Secretary of State to review. A response will then be published online at [www.bis.gov.uk/IDArevision](http://www.bis.gov.uk/IDArevision).

## 5.0 CURRENT POSITION

- 5.1 Comment is asked on four aspects of the proposed changes to the IDA:
- The removal of the automatic assisted area status of Northern Ireland. The Assisted Areas Map allows the provision of legally permitted state aid for regional development purposes in certain areas to undertakings looking to expand, modernise or locate in specified parts of the UK. The European Commission currently allocates a population ceiling on total assisted area coverage to Member States on the basis of objective metrics of deprivation - currently up to 23.9% of the UK population can be covered with assisted area status. Certain areas, namely Cornwall & the Scilly Isles and West Wales and the Valleys, are mandated for inclusion in the map in the light of their relative deprivation compared to other parts of the EU. In addition, Member States have the freedom to designate other areas for assisted area status up to the population ceiling based on their relative deprivation and providing they meet criteria set out by the Commission in the regional aid guidelines. The ensuing assisted area map must be approved by the Commission. The map is implemented in domestic UK legislation via section 7 of the IDA.
  - An increase in the per project limit for aid (from the current £10 million) after which a parliamentary resolution is required; and removing the distinction that excludes payments under foreign currency guarantees from that increased limit. In addition to regional aid under section 7 the Secretary of State may also provide financial assistance under s.8 of the IDA. The total amount that can be expended on such aid is capped, as is the sum that can be applied in respect of any one project. The per project limit has been set at £10 million since 1982. Where the government considers that this per project limit should be exceeded a resolution of the House of Commons has to be obtained. The government considers that the threshold per project should reflect modern industrial investment requirements to allow the UK to remain competitive. The proposal is that the limit (in section 8(8) of the IDA) be increased to £50 million - although

this consultation seeks opinions on, whether that is the correct amount. The requirement for a resolution for per project expenditure in excess of the new limit will remain.

- The inclusion of telecommunications and broadband in the definition of the “basic services” that the Government can contribute towards in a development area. The IDA allows a Minister to make grants or loans towards the cost of improving “basic services” in a development area where this would contribute to the development of industry in that area. The list of basic services in s.13(2) of the IDA currently includes transport, power, lighting, heating, water or sewerage or “any other service on which the development of the area ... depends.” Government policy is that the list should be expanded so that telecommunications and broadband are explicitly included.
- Widening the basis on which the Government can develop land it acquires. The IDA gives the Secretary of State powers to develop land and buildings acquired by him in an assisted area under the IDA or under the Local Employment Act 1972. The Government foresees that there may be cases where land and buildings are acquired by the SOS outside such areas (for example land owned by the Regional Development Agencies (RDAs) who it is proposed will be abolished by legislation). The proposal is that s.14 of the IDA be amended to extend the SOS’ powers to land that the government may acquire under the Public Bodies Act or the Localism Act or any similar legislation that transfers assets currently held by other public bodies such as the RDAs. This would, for example, allow the Secretary of State to manage out partially completed projects on such land.

## **6.0 PROPOSALS**

6.1 It is proposed that the Council submits the comments set out in the Appendix.

## **7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

7.1 The comments made take into account issues of sustainability and the Sustainable Community Strategy.

## **8.0 FINANCIAL AND RESOURCE IMPLICATIONS**

8.1 There are no financial or resource implications arising from this report.

## **9.0 RISK ASSESSMENT**

9.1 There are no risks associated with any of the proposed revisions.

## **10.0 CONCLUSIONS**

10.1 It is important that the Council makes representations that will help to update some of the IDA’s provisions to more accurately reflect current economic realities.



## **Background Documents**

Consultation Document: Revision of Industrial Development Act 1982 published by the Department for Business Innovation and Skills 20<sup>th</sup> July 2011.

## **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

## **Appendices**

Appendix 1: Recommended response to the proposed revisions to the Industrial Development Act 1982