

Enterprise Innovation and Networks Committee

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Date: Wednesday 3 May 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: Regional Selective Assistance (RSA) and Assembly Investment Grant (AIG) Statistics for 2005-06

1. Purpose

To inform the Committee of the number and distribution of Regional Selective Assistance and Assembly Investment Grant offers made between April 2005 and March 2006.

2. Introduction

Regional Selective Assistance (RSA) helps support capital investment projects in the Assisted Areas that create new jobs and/or safeguard existing ones.

In the period 1 April 2005 to 31 March 2006, 116 offers of RSA with a total value of £59 million were made to companies. Associated project investment is £285 million and the projects are forecast to create 4,818 new jobs and safeguard 2,506 existing jobs. In the same period in 2004-05, 143 offers of RSA were made with a total value of some £69.8 million with associated project costs of £340 million; these projects were forecast to create 5,699 new jobs and safeguard 2,946 existing jobs. The decline in offer numbers is continued evidence that applicants at lower grant levels have applied for AIG rather than RSA.

The Assembly Investment Grant (AIG) scheme was introduced on 1 April 2002. The scheme offers financial support throughout Wales for small and medium sized enterprises (SMEs) - generally those with less than 250 full time equivalent employees. It provides grants of between £5,001 and £50,000 with the minimum of red tape. Job creation or safeguarding is not essential (except for 'aid for job creation' – see below), but applicants must provide assurance that there will be no overall job loss as a result of the project.

If the applicants' proposal involves a relatively low level of capital expenditure but will create new jobs, assistance may be offered as "Aid for job creation" and is calculated as a proportion of the salary costs associated with the new jobs.

In the period 1 April 2005 to 31 March 2006, 238 offers of AIG with a total value of £7m were made to companies to help support some £29.7 million of investment (this compares with 357 offers worth £10.4m with £34.4 million of investment in 2004-05).

3. Details of RSA offers made in 2005-06

RSA continues to provide effective support for start-up and relatively new companies: over half of the offers were to start-ups or companies less than 10 years old.

79 offers (£42.8m grant and 4,988 jobs) relate to the manufacturing sector.

37 offers (£16.1m grant and 2,336 jobs) were made to the service sector.

Average salary levels per project range from £9,000 to £48,000, with an overall average for all projects of around £20,800.

59% of the offers were towards projects by Welsh companies. These represent 39.5% of the total value of grant offered and 39.9% of the total number of jobs forecast to be created and safeguarded.

RSA continues to be effective in supporting inward investment – 18.1% of the offers were towards projects by overseas owned companies. These represent 46% of the total value of grant offered and 44.7% of the total number of jobs forecast to be created and safeguarded. This indicates the relatively larger investment size of projects by non-UK owned companies. The average grant per job for Welsh companies is £8,413 compared to £8,772 for overseas owned companies and £7,964 for other UK companies.

3.1. Project types:

Project Type	Number	Amount offered £m	Project Cost £m	New Jobs	Safeguarded Jobs
Start ups/new plants	38	17.1	73.4	1,926	126
New activity at existing site	11	5.5	18.1	281	668
Transfer to new site	16	9.9	24.8	812	423
Modernisation/ expansion at existing site	48	25.7	164.2	1,780	1,094

Management buy out	3	0.7	4.1	20	195
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3.2 SMEs and large companies:

	Number	Amount offered £m	Project Cost £m	New Jobs	Safeguarded Jobs
Large	26	32.4	179.8	2,525	1,444
SMEs	90	26.6	104.7	2,295	1,062

3.3 Welsh, Other UK and foreign-owned companies:

	Number	Amount offered £m	Project Cost £m	New Jobs	Safeguarded Jobs
Welsh	69	23.3	93.2	1,805	1,353
Other UK	26	8.5	23.3	889	174
Foreign owned	21	27.2	168.0	2,124	979

3.4 New and safeguarded jobs

Jobs	Number	Amount offered £m	Project Cost £m	New Jobs	Safeguarded Jobs
Exclusively new	68	36.8	190.8	3,739	0

Exclusively safeguarded	10	2.4	20	0	374
Mainly new	15	5.2	19.6	634	180
Mainly Safeguarded	23	14.6	54.1	445	1,952

3.5 Unitary Authority area:

The RSA scheme operates in the Assisted Areas of Wales and the table below shows the geographic distribution of offers

Unitary Authority areas:	Number	Amount offered £	Project Cost £	New Jobs	Safeguarded Jobs
Blaenau Gwent	6	2,515,000	10,925,000	275	10
Bridgend	14	7,500,000	18,374,100	516	396
Caerphilly	13	2,674,000	11,397,921	201	160
Cardiff	5	1,015,000	3,442,000	82	20
Carmarthenshire	3	381,763	2,288,500	44	19
Ceredigion	1	1,000,000	5,005,000	12	83
Conwy	2	328,000	1,031,000	34	246
Denbighshire	5	825,000	1,764,900	81	0
Flintshire	5	7,580,000	23,786,344	757	105

Gwynedd	6	1,290,000	5,158,145	109	169
Isle of Anglesey	3	725,000	3,509,000	33	144
Merthyr Tydfil	1	200,000	1,225,000	0	60
Monmouthshire	-	-	-	-	-
Neath Port Talbot	11	3,180,000	12,406,225	152	313
Newport	4	10,600,000	132,916,000	624	0
Pembrokeshire	2	190,000	979,400	18	0
Powys	1	100,000	252,100	15	0
Rhondda, Cynon, Taff	14	6,685,000	18,548,956	398	610
Swansea	9	4,977,000	6,067,559	604	101
The Vale of Glamorgan	1	120,000	502,000	25	0
Torfaen	6	5,950,000	19,391,000	689	50
Total					

In addition, the location of the following projects has not been confirmed by the applicants (no grant will be paid until the location is confirmed);

Tier 1	4	1,130,000	5,554,648	149	20
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Notes :

(i) Wrexham is not included in this table as it is not an eligible area for RSA purposes.

(ii) Monmouthshire is largely non-assisted; there were no RSA offers in that part which lies within the Assisted Area.

4. Details of AIG offers made in 2005-06

The scheme operates across the whole of Wales and the table below shows the geographic distribution of offers.

Unitary Authority areas:	Number	Offer Value £	Project Cost £	New Jobs	Maintained Jobs
Blaenau Gwent	4	116,500	488,500	20	23
Bridgend	15	458,000	1,225,186	77	97
Caerphilly	31	919,925	2,916,663	108	171
Cardiff	8	188,500	1,159,511	41	51
Carmarthenshire	22	589,000	1,922,293	79	233
Ceredigion	4	80,001	243,703	25	16
Conwy	14	522,000	2,138,264	60	174
Denbighshire	12	496,000	2,001,779	64	121
Flintshire	9	289,680	2,021,390	20	158
Gwynedd	10	293,725	861,747	25	57

Isle of Anglesey	4	132,000	444,084	22	167
Merthyr Tydfil	5	130,500	392,007	23	2
Monmouthshire	1	50,000	338,520	6	0
Neath Port Talbot	21	546,000	1,870,640	87	261
Newport	3	105,000	490,742	16	121
Pembrokeshire	8	126,000	526,409	19	51
Powys	1	50,000	745,331	18	0
Rhondda, Cynon, Taff	24	634,001	3,052,037	108	140
Swansea	20	598,000	3,136,519	87	114
The Vale of Glamorgan	2	31,000	122,228	3	40
Torfaen	7	187,801	356,363	13	187
Wrexham	6	220,000	2,451,083	39	51
Total					

In addition, the location of the following projects has not been confirmed by the applicants;

(no grant will be paid until the location is confirmed);

Tier 1	7	255,001	817,215	40	37
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Action required of the Committee

The Committee is invited to note this update for offers of RSA and AIG in Wales.

Invest Wales