



Department for
Business & Trade



HM Treasury

Lord Stockwood
Minister for Investment
Department for Business and Trade &
HM Treasury

Old Admiralty Building
Admiralty Place
Whitehall
London
SW1A 2DY

The Baroness Alexander of Clevedon
House of Lords
London
SW1A 0PW

W: www.gov.uk

17th March 2026

Dear Wendy,

Thank you for your constructive contribution to our debate on the Industry and Exports (Financial Assistance) Bill last week.

During the debate you raised the issue of there being little recent spending by the Scottish and Welsh Governments under sections 7 and 8 of the Industrial Development Act (IDA) (in contrast to spending by UKG). I committed to provide further information on the factors that influence the uptake of spending by the devolved Governments under those powers.

Of course, as you'll be aware, the spending decisions of the Governments of Wales and Scotland are matters for those administrations, but there are indeed a number of factors that I am sure influence reliance on the powers in sections 7 or 8 of the IDA.

First, as you had suspected, there is an interplay between sections 7 and 8. The majority of the UK's Assisted Areas are in Scotland, Wales and Northern Ireland. As a result, spending in these nations is on balance more likely to be done under the section 7 powers (which apply to Assisted Areas) than section 8 (which do not). This in part explains why there is relatively little use of the section 8 powers (which are those being amended by the Bill) in the areas covered by the Devolved Governments.

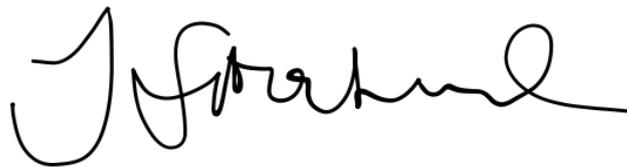
Secondly, in the years since devolution of business support, the Devolved Governments have relied on powers in their own legislation to provide this financial assistance. Consequently, the administrations make much less use of the IDA spending powers. As a result, the fact that section 8 of the IDA was not used last year by the Governments of Scotland and Wales is not necessarily any reflection of the levels of business support provided to industry in those areas.

Finally, there continue to be a range of business support initiatives which, by their very nature, make better economic sense for UKG to provide on a national basis. A typical example of this would be support to small firms, where the numbers of companies across the UK seeking support mean there are significant economies of scale to be achieved by having a single government provider. Providing different types and levels of support to similar small companies in different parts of the UK could risk unfairness and competitive distortions. So, levels of spending by UKG (whether under section 7 or 8) should not be

taken to relate to spending in England only as in several significant cases the support provided is on a national basis. This provision will, of course, have an indirect impact on spending by the Devolved Governments, as when support is provided to Scottish and Welsh companies directly by UKG, there is no need for those administrations to provide it under IDA or any other powers.

I hope the information provided is of interest. I am placing a copy of this letter in the Library, for future reference.

With best wishes,

A handwritten signature in black ink, appearing to read 'J. Stockwood', written in a cursive style.

**Lord Stockwood of Great Grimsby and Cleethorpes
Minister for Investment
Department for Business and Trade and His Majesty's Treasury**