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prosper

Expanding DBT export support in Scotland, Wales and Northern Ireland

Consultation Response

About us

Prosper is a unique membership organisation, with a proud history of bringing people together from government, business and civil society to effect change. Our purpose is to create a prosperous Scotland which benefits all its people and places.

With members from across Scottish society - from charities to local authorities and micro businesses to multi-nationals - Prosper always considers the big picture and longer term when it comes to Scotland's future.

Our shared ambition is to support economic growth and prosperity for all of Scotland, but our thinking extends beyond economic success to deliver better social and environmental outcomes. Prosper makes a positive impact on the big challenges facing the country by bringing our members and partners from across the economy together.

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Introduction

Prosper's mission is to convene debate and fresh thinking around the major issues for Scotland's economy. We do this working in consultation with our diverse and extensive membership, and governed by committees and working groups of expert members in these areas of focus.

Question 1

Where are you based ?

Scotland

Question 1^a – Scotland Only

Thinking specifically about how ITAs should be deployed in Scotland, please specify your preferred approach:

- Aligning with City Region and Growth Deals;
- **Mapping to Highlands and Islands Enterprise, South of Scotland Enterprise and Scottish Enterprise areas;**
- Mapping to Regional Economic Partnerships;
- Other;

Follow-up: Please explain why you answered the previous question as you did? (open text)

Prosper – the new name for the Scottish Council for Development and Industry – has a proud history of supporting Scottish businesses to start and grow their exports. We delivered more than 370 trade missions with more than 6000 participants to over 50 markets worldwide. These missions generated tens of millions in pounds of revenues.

Prosper's international trade activity is led by our International Business Committee, which includes senior representatives across key sectors. The International Business Committee discussed this consultation with Minister for Exports, Lord Offord of Garvel, and Department for Business and Trade Scotland officials at its most recent meeting.

SMEs account for over 99% of Scottish businesses and over 40% of private sector turnover. There is no shortage of global market opportunities for Scottish businesses. However, many businesses do not believe that they have the necessary capacity and capability. The difficulties for some existing exporters, especially in some sectors, as a result of the UK's exit from the European Union and the pandemic have also reduced confidence. Increasing the confidence, capacity and capability of more SMEs to realise the opportunities of global trade, including from the UK's Free Trade Agreements, is key.

Prosper, therefore, welcomes this consultation by the UK Government on extending more DBT support to Scotland. Our International Business Committee were clear that it will be important to make effective use of this additional resource and avoid duplication.

Scottish Development International provides 1:1 support for Scottish exporters, prioritised on growing exports by the c. 500 businesses responsible for the majority of Scottish exports, as was set out in the Scottish Government's *A Trading Nation* plan. DBT support in Scotland can have the most positive impact by complementing SDI's support, especially by growing the base of exporting businesses ready for intensive support. International Business Committee members welcomed statements by DBT Scotland and Scottish Government representatives that they are collaborating on the proposals.

SMEs prefer to build on trusted relationships rather than maintain many relationships. The deployment of ITAs should be based on an understanding of the relationships of the 600 – 900 companies that DBT in-person support could help to accelerate on their exporting journey, and seamless coordination with partners in the pipeline of support. There may be some variations for different sectors and geographies of the economy.

Comments from members of Prosper's International Business Committee suggests that

relationships in their sectors are strongest with Scotland's three enterprise networks. These agencies have strong partnerships with national trade associations for business sectors and Industry Leadership Groups. Their place-based local offices support relationships with businesses and often participate in City and Regional Growth Deals, Regional Economic Partnerships and local business networks, including Chambers of Commerce. Internationalisation of businesses in their regions is a key focus for the enterprise networks and mapping the deployment of the ITAs to the enterprise areas may help to facilitate a pipeline of businesses which progress from DBT to SDI support.

In addition to Prosper's membership network, we lead the Productivity Club Scotland project, a network of SMEs around Scotland which want to increase their productivity. Exporting is a driver and an outcome of higher productivity which it promotes. ITAs should connect with private sector peer-to-peer networks, such as Productivity Clubs, business networks and trade associations, as well as with government structures.

A future development of ITA support could be the deployment of overseas market specialists, based in the UK and/or in the international market in which they specialise. This might be related to the opportunities arising from FTAs or other priority markets.

Question 2

It is possible to create a group or cohort of businesses, for example within related sectors or at a similar stage of growth. This group could have common objectives in targeting particular overseas markets. Grouping these businesses into a cohort and working through a programme of support would allow focused support and the opportunity for the businesses to learn from each other. To what degree do you think using a grouping approach would be beneficial to target overseas markets?

- Very beneficial
- **Somewhat beneficial**
- Not beneficial
- Don't know

Follow-up: Please explain why you answered the previous question as you did? (open text)

Prosper agrees that programmes of focused support and peer-to-peer learning which are designed around the needs of different sectors are beneficial for businesses in those sectors. But it would be important that any approach to grouping avoids duplication, builds on existing foundations and is joined up with the support that is already in place.

SDI's trade promotion activity already offers specialist export support services for sectors. Some trade associations already bring together groups of businesses from related sectors and offer support with international trade and the targeting of overseas markets. While DBT's proposed approach has merit, Prosper would like further information on the interface between it and these existing programmes and groupings.

Prosper's international trade mission programme was, like our membership, 'horizontal', including businesses from a range of sectors on every overseas mission. The value of this model was that businesses were not in competition and this facilitated sharing and learning from each other. We therefore believe that creating cohorts of businesses from different sectors which are at similar stages on their export journeys could be beneficial. The peer-to-peer learning model adopted by our Productivity Club Scotland network across SMEs from different sectors could help to create a pipeline of cohorts for the programme of support and/or play a role in the delivery of the programme. We would be happy to be involved in a piloting of a cross-sector approach.

Question 3

International Trade Advisors in England are deployed regionally in a variety of ways: some hold a specific geographic remit for a local area, others are focused on working with a business sector(s) and some perform a hybrid role with both a geographic and sectoral focus. Which Model do you believe, is best placed to ensure there is full sectoral and geographical spread?

- Sectoral Approach - ITAs are sector specialists;
- Regional Approach - ITAs are based and support specific geographical areas working across all sectors;
- **Hybrid Approach - provides a combination of a sectoral and regional approach depending on strengths of local region;**
- Other;

Follow-up: Please explain why you answered the previous question as you did? (open text)

As the consultation says, ITAs in England may be sectoral specialists, support all sectors in a geography or provide a hybrid service. Based on this experience, DBT will have evidence about the effectiveness of each approach, which it would be useful to review.

While there are differing opinions among International Business Committee members, Prosper would tend to favour a hybrid approach in Scotland. This is because specific expertise is required, especially in some sectors, to understand major issues and provide support; while a geographic remit makes support available to all regions, levelling up opportunities. A hybrid approach can link with both national trade associations and regional business networks that can activate pipelines of companies and complementary private sector support. As previously stated, DBT should work with SDI and others to ensure that the model realises its potential to add value to existing support.

Question 4

ITAs can offer one-to-one support to small/ medium sized enterprises with high potential to export to begin exporting for the first time, grow exports or expand to new markets. In your opinion, how long should one to one support last for? Follow-up: What should be the criteria for ending support

Prosper does not recommend fixing a hard time limit on one-to-one support, especially at this stage of policy development. There should be a degree of flexibility which takes into account a business's stage on the export journey and its sectoral and market challenges. We support the agreement of specific KPIs by the business and ITA, with support proportionate to them, and an agreed review process to monitor progress and make decisions about the value to both parties of continuing the one-to-one support. While DBT will want to deploy its resources for the most beneficial impact, businesses should also have a strong ongoing say about the form of and timescale for DBT's support.

Members of Prosper's International Business Committee have commented that support should be available while the assessed market opportunity exists and the business has a realistic potential to meet it; the business is going through the agreed programme of support; the business is taking the agreed steps to increase its competitiveness for exporting; and progress due to the ITA's support can be demonstrated and reported.

Question 5

In your opinion, what are the key barriers to exporting that International Trade Advisors should focus on in Scotland, Wales and Northern Ireland?

- Cost
- Capability
- Knowledge
- Contacts
- Risk
- Connectivity
- Other (Open Text Box)

(more than 1 option perhaps ordering of importance)

Follow-up: Please explain why you answered the previous question as you did? (open text)

There are a range of key barriers to exporting. These vary by sector and by market. The ITAs programme has the potential to help lower and remove these barriers to exporting if it reinforces the existing team of advisory and facilitation organisations in Scotland, but it may itself become a barrier if it duplicates services and/or confuses the landscape.

Prosper understands that ITA one-to-one support will broadly focus on the 'sleeping giants' segment identified in *A Trading Nation* i.e. the 'next' 500 companies that would benefit from focussed mentoring to improve the business and soft landing in the market.

ITAs should, therefore, focus on barriers within capability, knowledge and contacts. ITAs can offer practical assistance to businesses by providing relevant market research and knowledge, such as information on the market size, business environment, potential partners and competitors, in-market support and contacts, Scottish and UK businesses already active in the market, forthcoming trade missions and events, and so on. DBT is rolling out a range of new trade services, including digital, and ITAs can communicate their availability to businesses and relay feedback from businesses to DBT colleagues.

One live example is the lack of availability on the UK Government's central portal of centralised export health certificates for all of the overseas markets that the key Scottish salmon sector wishes to access, and the need for a streamlined process to address this.

ITAs can also engage with businesses on FTAs gathering priorities from businesses and communicating them to the DBT so that they can inform the UK's negotiating positions. Prosper's International Business Committee also has a strong interest in the barriers to the full utilisation of the UK's existing FTAs by businesses, particularly by SMEs. ITAs can collect qualitative evidence on these barriers and how they might be addressed as well as increasing awareness among businesses of the opportunities to utilise FTAs.

It is important to note that the strength of the domestic sector and market can be a barrier to or an enabler of export growth. ITAs should act as a conduit from businesses to the UK Government of information on business conditions and policies which would strengthen domestic businesses, especially their ability to start or to grow their exports.

Question 6

How are you responding to this call for evidence?

- An individual - You are responding with your personal views, rather than as an official representative of a business/ business association/ other organisation
- **Non-governmental organisation - In an official capacity as the representative of a non-governmental organisation / trade union / academic institution / other organisation**
- Public sector body - In an official capacity as a representative of a devolved administration / local government organisation / public service provider / other public sector body in the UK or elsewhere
- Business - In an official capacity with the views of an individual business „
Business association - In an official capacity representing the views of a business organisation