

Wilson Review of Support for Scottish Exporting: UK Government response

**Foreword by the Secretary of State for Scotland**

I warmly welcome Brian Wilson’s Review of Support for Scottish Exporting.

In 2012 my predecessor invited Brian Wilson to undertake a review of Scottish international trade, particularly exporting, and the support available to businesses. This document forms the formal UK Government response to the resulting Review report.

Scotland has many inventive and talented businesses and a great trading tradition. I acknowledged this wealth of talent at all levels of business in my introduction to the Wilson Review. I am committed to working to ensure that our support for Scottish Exporting is world class.

I believe the report highlights two linked and overarching themes:

* **Achieving greater collaboration, co-operation and alignment** between the organisations serving Scottish exporters.
* **Delivering simplicity and clarity** across the diverse portfolios of high quality public and private export support available to Scotland.

Effective solutions to deliver on these themes will be fundamental to supporting Scottish businesses to achieve their export aspirations. Whilst the Wilson Review focuses on Scotland, these themes have significant pertinence across the UK.

**I am pleased to be able to announce that UK Trade and Investment (UKTI), the Scotland Office, the Scottish Government and Scottish Development International (SDI) have agreed to form a Scottish exporting joint working group, to propose and deliver a practical, operational response to the recommendations raised in the Wilson Review**.

In addition, an international trade support working group has recently been established for UKTI to work with all the devolved administrations and UK Export Finance. UKTI will ensure that these two groups work together effectively, avoiding duplication and sharing solutions.

I believe this cross-organisational approach will effectively deliver successful, innovative and pragmatic solutions to substantively address the Wilson Report’s recommendations. This working group will be established before the end of this Parliament and will develop a Joint Action Plan to follow later in 2015.

I am pleased to recognise that progress has already been made in a number of areas, such as the announcement of the Regional Air Connectivity Fund and the work that Scottish Enterprise and SDI have done to transform the GlobalScot network. I also welcome the work Scottish Enterprise has done to augment its web-based portal, so that its “Do Business Outside Scotland” site is now an effective first port of call for Scottish businesses, linking to SDI and UKTI services available to current and potential Scottish exporters.

I look forward to the development and implementation of our solutions to the Wilson Review’s recommendations, through the Scottish exporting joint working group and the International Trade Support Working Group.

I once again thank Brian Wilson for his instructive report, and I am confident we will leverage his recommendations to ensure Scotland has truly world-leading export support.

**Responses to the challenges and recommendations:**

1. The Wilson Review recommends a new focus to drive better, more effective collaboration among all organisations, public and private, Scottish and UK-wide, providing guidance, advice, and other support for Scottish exporters or businesses looking to export. UKTI, SDI and the private sector should all be part of this collaborative effort.

Potentially branded as ‘Scottish Exports’, a formal collaboration could provide a uniform “front door” to potential exporters throughout Scotland.

**The UK Government recognises that more can and should be done to ensure that Scottish businesses receive a seamless and consistent support service, wherever they start their journey to exporting. Therefore, the UK Government (through UKTI and the Scotland Office) has agreed with the Scottish Government (through SDI) to create a Scottish exporting joint working group to draw up a Joint Action Plan (JAP). This working group will be established before the end of this Parliament and will develop a Joint Action Plan to follow later in 2015.**

**This JAP will use the key themes of the Wilson Review as its starting point and will set out a programme of work to address the major issues, such as:**

* **Ensuring that all businesses are directed to the right support throughout their export ‘journey’;**
* **Challenging the lack of an export culture and encouraging the development of a more export-focused business culture;**
* **Exploring how all parties providing export support can work better together, once a business is engaged.**

2. The Review suggested that ‘Scottish Exports’ should incorporate a designated section, Scottish Export Finance, which would connect companies which have been confirmed as having exporting potential to the most appropriate sources of financial advice and support.

**The Government commits the working group to addressing issues of access to export finance in its discussions on the content of the Joint Action Plan outlined above.**

**Work is already taking place to develop better access to UK Export Finance (UKEF) for Scottish businesses, through discussions between SDI and UKEF. Therefore rather than replicate these discussions, the working group may identify options to support this, such as by focussing on improving visibility and signposting.**

3. The Review proposed that the working links between UKTI and SDI need to be clarified and should be regularly reviewed by the two Governments. It commented that “SDI could make better and more effective use of UKTI’s wide reach while UKTI must resist the assumption which sometimes arises that Scotland is ‘covered’ because of SDI’s existence”.

One example is the perceived under-representation of Scottish companies on UKTI trade missions. The Review suggested that both Governments should ensure the integrated delivery of all available export services to Scottish businesses.

The Review strongly recommends a united SDI/UKTI approach to maximise understanding of what support is available and encourage participation by Scottish companies in, for example, key UKTI programmes such as the High Value Opportunity Programme.

**The UK and Scottish Governments have concurrent powers for trade in Scotland. Responsibility for on the ground delivery of trade services to companies in Scotland is delegated to the Scottish Government. The perceived under-representation of Scottish companies on UKTI missions should be viewed in the context of their participation, additionally, in separate SDI missions. However, the UK Government acknowledges that UKTI and SDI could build on their existing relationship and work more effectively together and is keen for them to do so; this issue is already being addressed through the creation of the working group. As outlined above the working group will meet before the end of the current parliament and agree a Joint Action Plan** **later in 2015.**

**The working group will identify the most appropriate structure to ensure effective delivery of the JAP and regularly review how the links between UKTI and SDI are working.**

4. The Review recommends that an audit of skill shortages should be carried out in consultation with a cross-section of exporting companies.

FE Colleges and universities should be encouraged to develop courses or course modules which have a specific international trade focus.

**Responsibility for education, including FE colleges and universities, is devolved to the Scottish Government and it is not for the UK Government to comment on the Scottish education system, nor the plans the Scottish Government may have for reviewing skills shortages. It is for the Scottish Government to progress work, in conjunction with SDI and Skills Development Scotland, and other partners, to consider what further support it wishes to offer or develop in this area.**

**It is worth noting, however, that the UKCES (UK Commission for Employment and Skills) carries out UK-wide research and analysis on skills matters including on skills shortages. The Employer Skills Survey published in Jan 2014[[1]](#footnote-1) was the most recent which addressed shortages.**

**The UK Government notes that language skills issues are a regularly trailed issue. While most businesses value language skills and would like their employees to have them, research suggests that only 6% list them as an essential core competence for their business, and they are rarely prioritised as skills shortages. At the same time only 35% say they have no need at all for foreign languages[[2]](#footnote-2). Many businesses tend to buy in specialist language services.**

**UK Government policies (relating to England) are aiming to reform the skills system so that it is more responsive to employers by giving them greater ownership in the design and delivery of skills provision. This is being achieved by a variety of measures, but principally through the reform and expansion of Apprenticeships and Employer Ownership Pilots. The UK Government Employer Ownership Fund is a £340m competitive bidding programme which provides funding direct to businesses to purchase skills training on a matched funding basis.**

5. The Review strongly supported a sector-led approach as the most effective, short-term means of expanding Scotland’s exporting potential. Public sector bodies should help to identify international opportunities and seek to maximize the Scottish involvement in them.

Sector and sub-sector groups should identify their priority targets and this should align to the UKTI High Value Opportunities (HVO) programme.

**The UK Government endorses the need to highlight the opportunities of the HVO programme to Scottish businesses, benefitting both Scotland and the UK as a whole. This issue will be considered by the joint working group. The working group will be established before the end of this Parliament and will develop a Joint Action Plan to follow later in 2015.**

**UKTI and SDI have already initiated a more united approach on the HVO programme. For example, they are working to ensure that Scottish firms involved in delivering the Glasgow Commonwealth Games win business in sporting events worldwide. Also, SDI has a ‘sub-sector-sub-market approach’, which it has aligned with the HVO programme, for example in China, where, in close cooperation with UKTI, SDI is focusing on opportunities in healthcare and life sciences.**

6. Scotland has great strengths in professional services. The Review comments that it is essential to ensure that UKTI and other bodies give full representation to Scotland’s distinctive offerings in the sectors.

**The UK Government endorses supporting the full potential of financial and professional business services to offer growth for Scottish exports, noting that there is potential now and in the long term future. UKTI will continue to work with SDI, including through the UKTI Financial Services Organisation, to ensure that Scottish professional services businesses receive appropriate representation.**

7. A high value is placed by our exporters on the UK’s network of embassies and consulates around the world. The Review strongly endorsed this view.

**The UK Government agrees with and supports the importance of the in-market network of embassies and consulates in countries across the world. This is a particular area of strength for the UK and making sure that it delivers the best quality service in practice has already been noted as a topic for inclusion in the JAP. Advice, training and guidance for posts in-market, to make sure that all businesses get what they need regardless of who their first point of contact is and bring all posts up to the level of the best, will be part of the working group’s discussion. It is also important that the UK Government and the Scottish Government work together to ensure that their joint presence in each market represents the maximum added value (rather than duplication).**

8. There is widespread frustration that Scotland does not have better air links with Europe and the world. The Review agreed with the importance of this issue in the eyes of many exporters and urged that efforts to address it should continue. The review commented that it was unfortunate that the Route Development Scheme was withdrawn.

**UK airlines and airports operate in a competitive, commercial environment, and the UK Government believes that it is for individual airlines to decide what air services they operate based on their assessment of commercial and market conditions. It is therefore not possible for the Government to compel airlines to operate services between particular airports.**

**It should be noted that a number of options do exist for support for establishment of some new air services, such as Route Development Funds (RDFs), Start-Up Aid and use of the Regional Air Connectivity Fund.**

**The UK Government has made funding available to help regional air links across Britain. In 2013 the Chief Secretary to the Treasury announced that £20 million would be made available over two years to 2016 to maintain regional air access to London through a Public Service Obligation (PSO) where there was the probability that an existing air service would be lost[[3]](#footnote-3).**

**The first route to benefit from this fund was between Dundee and London Stansted. Dundee City Council secured £2.85million to support a two year PSO[[4]](#footnote-4).**

**In the 2014 Budget, the Chancellor further increased the Regional Air Connectivity Fund from that initial sum to £20 million per annum. It has also been extended to include start-up aid for new routes from regional airports handling fewer than five million passengers per year (providing this meets new EC aviation state aid guidelines for airports and airlines). Airports and airlines have now been invited to apply to the Department for Transport (DfT) for start-up aid to support new air routes.**

9. The Review recommends that a consistent structure of Exporter Networks should be created and sustained across Scotland.

**The UK Government commits the working group to considering the issue of exporter networks and sharing best practice when drawing up the Joint Action Plan outlined above.**

10. The Review recommends that the GlobalScot network should be maintained but that a rigorous approach to its membership should be adopted based on a consistent reporting policy from companies which have experienced it.

**The GlobalScot network is a partnership initiative between the Scottish Government and SDI and as such it is not for the UK Government to comment on this recommendation.**

11. Trade policy and commercial diplomacy are hugely important to our major exporting sectors including Scotch whisky and oil and gas. The Review commented that the ability of Scottish companies to enter markets and trade on competitive terms, without facing protectionist tariffs and obstructions, is crucial to our exporting effort.

**The UK Government agrees that trade policy is of vital importance to businesses and economic growth. Trade policy is essentially an EU competence and the UK Government works to influence the European Commission, which negotiates trade deals on the EU’s behalf so that negotiations important to the UK are taken forward and barriers affecting UK businesses are addressed.**

**The Department for Business, Innovation and Skills (BIS) and UK Embassies engage with and lobby foreign governments directly on market access barriers affecting businesses from across the UK. The UK Government’s Trade Policy Unit - a joint enterprise between BIS, Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO) - engages with companies, business organisations and trade associations right across the UK to inform its lobbying activities.**

**Work is now in hand by BIS to receive greater detail from business on the barriers that need to be addressed in third countries through trade negotiations. This will increase awareness of how Government can help address market access barriers, and to ensure that companies right across the UK are informed early about the opportunities that trade deals coming online will open up for them. A network of Free Trade Agreement Champions is being set up UK-wide to support this.**

1. https://www.gov.uk/government/collections/ukces-employer-skills-survey-2013 [↑](#footnote-ref-1)
2. CBI – Pearson Education and Skills Survey 2014. [↑](#footnote-ref-2)
3. <https://www.gov.uk/government/publications/public-service-obligation-regional-air-access-to-london> [↑](#footnote-ref-3)
4. <https://www.gov.uk/government/news/uk-government-funding-for-dundee-to-london-stansted-air-link> [↑](#footnote-ref-4)