

Hull and East Yorkshire LEP Board

HEY Export Plan - Report to the Board, September 2021

Agenda item 10 Paper E

Presented by Andrew Finch, Export Partnerships Manager

1. Summary

1.1. This paper provides an overview of the evolving HEY Export Plan and makes recommendations which will enable its development and alignment with the HEY LEP Growth and Wellbeing Strategy and the wider strategic objectives of the LEP's key export partners.

The following appendices support this paper:

Export Appendix 1 Export Communications Strategy KPIs

Export Appendix 2 Export Support Service Provision across Hull and East Yorkshire

Export Appendix 3 Infographics Trade Headlines

Export Appendix 4 Business Trade Survey Infographics Summary

Export Appendix 5 Stakeholder Findings Recommended Action

The role of Export Partnerships Manager has been tasked in developing an export plan for the HEY LEP region. The Export Plan will look to build an overview of the pan-Humber exporting environment and encourage engagement amongst key partners in order to increase international trade through export, with a strong focus on supporting earlier stage businesses and SMEs to plan for international growth. The Export Plan will be key to achieving maximization of export service provision and uptake across the new LEP region, helping to foster a spirit of engagement across all key export stakeholders and contributing to the national ambition for exports to represent 35% of the UK's GDP¹

Ultimately, the HEY LEP has a unique opportunity to position itself as an independent advocate and strategic convener for international trade through export in alliance with key partners and business support organizations.

It is envisaged that the Export Partnerships Manager will report regularly into the Business Support Sub-Board in future, as the export plan continues to evolve.

2. Recommendations

2.1 That the Board approves the evolving Export Plan, in principle, which will enable its further development and alignment across wider LEP strategic objectives, approving all current KPIs listed against the export communications strategy (see appendix 1), which will enable the LEP to measure the success of its export engagement activities.

2.2 That the Board digests the KADA export research findings (see appendix 3 Trade Headlines Infographics and appendix 4 Business Trade Survey Infographics) and

¹ As set out in the DIT Export Strategy 2018, which aims to raise exports as a proportion of GDP from 30-35%

considers the recommendations listed in the fourth report of the study (appendix 5 Stakeholder Findings – Recommended Action), noting how such recommendations can improve Export Information and Support Service Provision across Hull and East Yorkshire (appendix 2)

- 2.3 That the Board agrees to consider further appropriate export-related research commissions, in future, which will enable the LEP’s export ambitions to be fully realized

3. Export Roadmap

January 2021 – March 2021

Development of an initial export plan overview – completed

January 2021 – March 2021

KADA export research project commissioned – completed

Final written reports delivered in June 2021 which will now feed into the export plan

January 2021 – December 2021

Roll-out of export communications strategy – Ongoing

September – December 2021

Sector and market-focused export plans: Digital, Off-shore Energy and Agri-Food&Drink – Ongoing

September 2021 – March 2022

Future export support scenarios - Ongoing

April 2022 onwards

Delivery of sector and market-focused Export Plan (Full/Partial/Limited Engagement)

4. Report

4.1 Research

Understanding the export environment across the HEY LEP and wider pan-Humber region will enable us to develop a successful Export Plan, which will be informed by industry and data-led research, much of which can now be unlocked and disseminated via the Export Partnerships Manager.

In February 2021, Enterprise Growth Solutions Limited (EGSL), on behalf of the then Humber LEP, commissioned KADA Research Limited to deliver a post EU exit

business engagement research project² to assess the impact of EU exit on the international trade activities of SME businesses across the Humber LEP region.

Project outcomes include the creation of an interactive dashboard of trade statistics, plus the following written reports:

Trade Statistics Report (see infographic summary)
Business Trade Survey Results (see infographic summary)
**Contextual Report Trade Challenges and Potential
Stakeholder Findings and Recommended Further Action**

All above reports and the dashboard can be accessed via <https://kadaresearch.co.uk/humber-levelling-up/>

All findings are being published and disseminated across local export networks, as part of the export communications strategy and will help provide a greater insight into the current and future exporting opportunities across the region. The e-dashboard will be embedded in the Growth Hub's website and promoted widely

Building on all four above reports, the study concludes with a comprehensive set of recommendations, many of which are now being integrated into the rolling export communications strategy and will feed into the overall Export Plan as it continues to evolve.

4.2 Export Information and Support Service Provision

Appendix 2 provides an overview of existing regional export information and support service provision, and includes a mapping of current service provision. KADA recommendations focusing on improving these areas of support are now being acted-upon.

4.3 Export Communications Strategy

A key component of the overall Export Plan is an export communications strategy and its implementation will seek to address all three identified key strands of the export plan - Awareness, Embedment and Engagement

A levelling up budget has already enabled an export marketing brief to identify a range of marketing tools needed to support all export communications, including a portfolio of export case study videos, an exporting webpage refresh and a digital export awareness-raising campaign, which ran through July and August 2021. Please refer to the KPIs listed against the export communications strategy which identify other proposed actions which will focus on all of the above key strands.

Awareness

² The March 2020 budget saw DIT secure budget under the Levelling Up agenda to increase capacity to support exporters across the NP11, including the Humber. The research project has been funded through this means.

Increased awareness of exporting opportunities is key to changing attitudes and perceptions, with the HEY LEP having a key role to play in informing SMEs, partners and stakeholders about exporting opportunities and helping to clarify what it means to export, dispelling any myths and misconceptions surrounding the issue.

Embedment and Engagement

There is much potential for export to be embedded across a range of Growth Hub business support service activities, thus enhancing the overall business support offering.

Embedding export into the HEY Start-Up Support Service, for example, could encourage active engagement in the export environment. Likewise, SMEs looking for new business growth through export, could be targeted through the Business Growth Scheme, as part of the #GrowMySME programme, with export being embedded across training and advice areas such as Sales, Marketing and Communications, Workshops, Masterclasses and the Supply Chain.

SMEs will be encouraged to take a pro-active rather than reactive approach to export, thinking globally as a core part of their business model and plans. A focus on start-ups is particularly important as a means of embedding exporting as early as possible in the psyche of entrepreneurs and first-time business owners. There is a limited window in which small businesses are most receptive to the idea of exporting. There is a strong argument, therefore, that start-ups and potential first-time exporters will benefit the most from export support and are likely to provide the highest conversion rate to becoming exporters.

4.4 Humber Freeport / Enterprise Zones and Export

The Export Plan will seek to explore opportunities for engagement with the Humber Freeport and Enterprise Zones (EZ), supporting existing and future export activity.

In the HEY LEP area, this would suggest exporting activity aligned with the Low Carbon sector (and supply chain) and also activity preparing for the Rail Manufacturing sector and its future supply chain in the area. Goole Freeport site is predicated upon developing this Rail Manufacturing supply chain on the back of the Siemens Mobility investment and an innovation centre/ small business centre is already under construction which will be linked to the University of Birmingham and UKKRIN (UK centre for rail research). Supporting SMEs operating/innovating in this space would seem reasonable.

Strongly representing the businesses operating across Freeport/ EZ may also provide future funding opportunities for the sustainability of export activity in the area.

4.5 Inward Investment and International Trade through Export

There is a strong correlation between investment, international trade and economic growth, hence the inclusion and embedment of export in the LEP's Growth and Wellbeing strategy will enable collaboration and information-sharing with colleagues engaged in Foreign Direct Investment (FDI) activities. Synergies and opportunities for joint promotional activity between inward investment and global export across the HEY LEP and wider pan-Humber region will also be explored.

4.6 Export Plan Development – Sectoral focus

The export plan will be developed on a sectoral basis. It will look to generally align with DIT's national and regional export strategies, working with key export partners, such as the Hull and Humber Chamber of Commerce, in order to focus on any key sector or global niche export opportunity which may offer specific benefits to the HEY LEP region. The export plan will also look to identify synergies with the Northern Powerhouse (NP)11 export strategy.

Adopting this approach should allow us to identify key sectors and markets where we can achieve export gains in the short, medium and long-term. The Export Plan will also attempt to better understand the wider global supply chain network and the opportunities and threats it presents to SMEs in key sectors across the HEY LEP region.

Both KADA and LEP-evidenced research will feed into the sector plans and further sector intelligence, data analysis will enable the LEP to gain a better understanding of key growth sector and sub-sector opportunities, which will allow the Export Plan to leverage sector strengths and niche opportunities for export.

Key regional export partners, sector specialists, NP in-country reps and stakeholders will be consulted which will allow the LEP to identify key markets and new exporting opportunities for SMEs across the HEY LEP region, resulting in a provisional export plan for the following sectors:

Digital | Off-shore Energy | Agri-Food&Drink

KADA and LEP-evidenced research point to the above areas as being key priority sectors for the region. In addition, the sectors align with the government's export agenda, with new Free Trade Agreements looking to offer export growth opportunities across all three sectors. It, therefore, makes sense to explore export opportunities within each of these sectors, thus aligning and export plan further with the LEP's strategic priorities, as detailed in the Growth and Workforce Wellbeing strategy.

An export plan for each sector will be produced by the end of March 2021, which will set out what might realistically be achieved through 2022 (from April 1st onwards), dependent on the level of export engagement which the LEP is able to commit to in future months.

Whilst Europe has traditionally been the main market for Humber exports, the UK Government is keen for business to engage further in export with those countries where Free Trade Agreements (FTAs) are being established. This could represent good opportunities for SMEs across the HEY LEP region. Emerging markets with export growth potential will, therefore, be of particular interest, especially in certain growth sectors. It may also be the case that new exporters might be more open to trading with new emerging markets than those companies who have worked in traditional European export markets for many years. Europe will, of course, remain a

key market for exporters across the region, but the HEY LEP will also look to actively promote new exporting opportunities in emerging global markets.

Primary sectors for the Humber region are identified as being: Advanced Engineering, Advanced Manufacturing, Agri-tech, Chemicals + refinery, Energy and Clean growth, Food and drink / Food production (Seafood), Health and Innovation, Off-shore wind, Ports and Logistics (Road/Sea), Renewable energy and bio economy.

Growth sectors include: Advanced Engineering and Manufacturing – specialist fabrication, Digital³ and Creative, Energy – renewables and battery, Off-shore energy, Services (Professional, Legal, Management, Consultancy), Specialist fabrication.

Note, the Tech sector and its many sub-sectors are embedded within all of the above primary and growth sectors.

Whilst the UK is a strongly service-led economy, the Humber region largely exports (manufactured) goods but there is potential to grow service exports, including digital, hence the plan will also look to engage with target areas for export growth such as digital tech and prof. services.

4.7 Export Plan and the Growth and Workforce Wellbeing Strategy

The evolving export plan will look to align and embed itself within the LEP's wider strategic objectives. The Growth and Wellbeing Strategy appears to offer many areas where this can be achieved, namely:

- Alignment of export with identified key sectors such as Food production, Agritech and Digital.
- Alignment with HEY Business Emerging Strategic Themes – supporting key sectors to grow (through export)
- Supporting pre-start, micro, SME sector – embedding export into support service provision for these business-types.
- HEY Innovation = growth = export
- HEY Collaborators – building global networks which can enhance exporting opportunities.

³ According to Tech Nation reports, USA was the biggest importer of global digital tech services (2019) followed by Germany and China. India, Japan, Brazil saw the largest growth (2018-19) in the level of tech services imported, with Brazil and Singapore showing the fastest rising global opportunities for the UK. Small firms considering exporting now are more likely to sell digital products. DIT is already promoting e-exporting.

5. Financial and resource implications

- 5.1 Initially funded through levelling up funds, the Export Partnerships Manager role is a DIT-seconded role and currently funded until 30th September 2021, with a likely further extension through to the end of June 2022 (TBC).
- 5.2 A levelling up marketing budget of approx. £20K was secured to support the work of the Export Partnerships Manager. This budget will have been allocated and spent by the end of August 2021. A future marketing budget is essential if the LEP is to fully realize its exporting ambitions.