

UK TRADE &
INVESTMENT

DEPARTMENTAL
REPORT 2006

2006

This document is part of a series of Departmental Reports (Cm 6811 to Cm 6838) which, along with the Main Estimates 2006-07, the document Public Expenditure Statistical Analyses 2006 and the Supplementary Budgetary Information 2006-07, present the Government's expenditure plans for 2005 to 2008.



UK Trade & Investment

Departmental Report 2006

Presented to Parliament by the Minister for International Trade and Investment
and the Chief Secretary to the Treasury by
Command of Her Majesty

April 2006

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Ministerial foreword

I am pleased to introduce UK Trade & Investment's Departmental Report 2006. This report sets out what UK Trade & Investment's aims, activities and performance have been over the past year, and what it plans to achieve over the coming year.

Last year, thousands of companies benefited from our range of services. Nearly 2,000 companies signed up for our "Passport to Export" development programme, to help them prepare to do business internationally. Nearly 6,000 companies were helped to move into markets new to them. Many more were reached and helped in a variety of ways, both here in the UK with advice and support on sector-specific issues, and through contacts "on the ground" with our Posts overseas. And the Enquiry Unit handled more than 40,000 telephone calls and emails.

2004-05 was a record year for attracting investment. The UK landed 1,066 inward investment projects. These created nearly 40,000 new jobs in the UK and safeguarded a further 35,000. UK Trade & Investment and our partners actively contributed to almost two-thirds of the total projects landed.

This year has also seen the retirement of our Chief Executive Sir Stephen Brown. I should like to take this opportunity to thank Sir Stephen for all his hard work over the past three years. During this time, UK Trade & Investment has come a long way. We need to build on this as we go forward.

I should also like to welcome Andrew Cahn, who took over as Chief Executive of UK Trade & Investment at the end of March. He takes over at an exciting time for UK Trade & Investment. The 2006 Budget announced an enhanced role for UK Trade & Investment in helping the UK respond to the challenges of globalisation. Delivering on this will be critical to the UK's future prosperity. The coming year will see a step change in UK Trade & Investment's drive to market the UK internationally across trade and investment, in particular in China, India and other emerging economies. UK Trade & Investment will publish a new strategy before the summer setting out how it will deliver its enhanced role, and a programme of organisational change to support these changes.

Ian Pearson
Minister of State for Trade

UK Trade & Investment Executive Board

Chair

Andrew Cahn

Chief Executive (from March 2006)

UK Trade & Investment

Members

Susan Haird

Deputy Chief Executive

UK Trade & Investment

Ian Fletcher

Group Director

International Trade Development Group

Peter Hill

Independent Board Member

Claire Ighodaro

Independent Board Member

Paul Madden

Group Director

International Sectors Group

Bill McGinnis, CBE

Independent Board Member

William Pedder (until 3 March 2006)

Chief Executive

Inward Investment Group

Steve O'Leary (from 4 March 2006)

Acting Chief Executive

Inward Investment Group

Stella Pirie

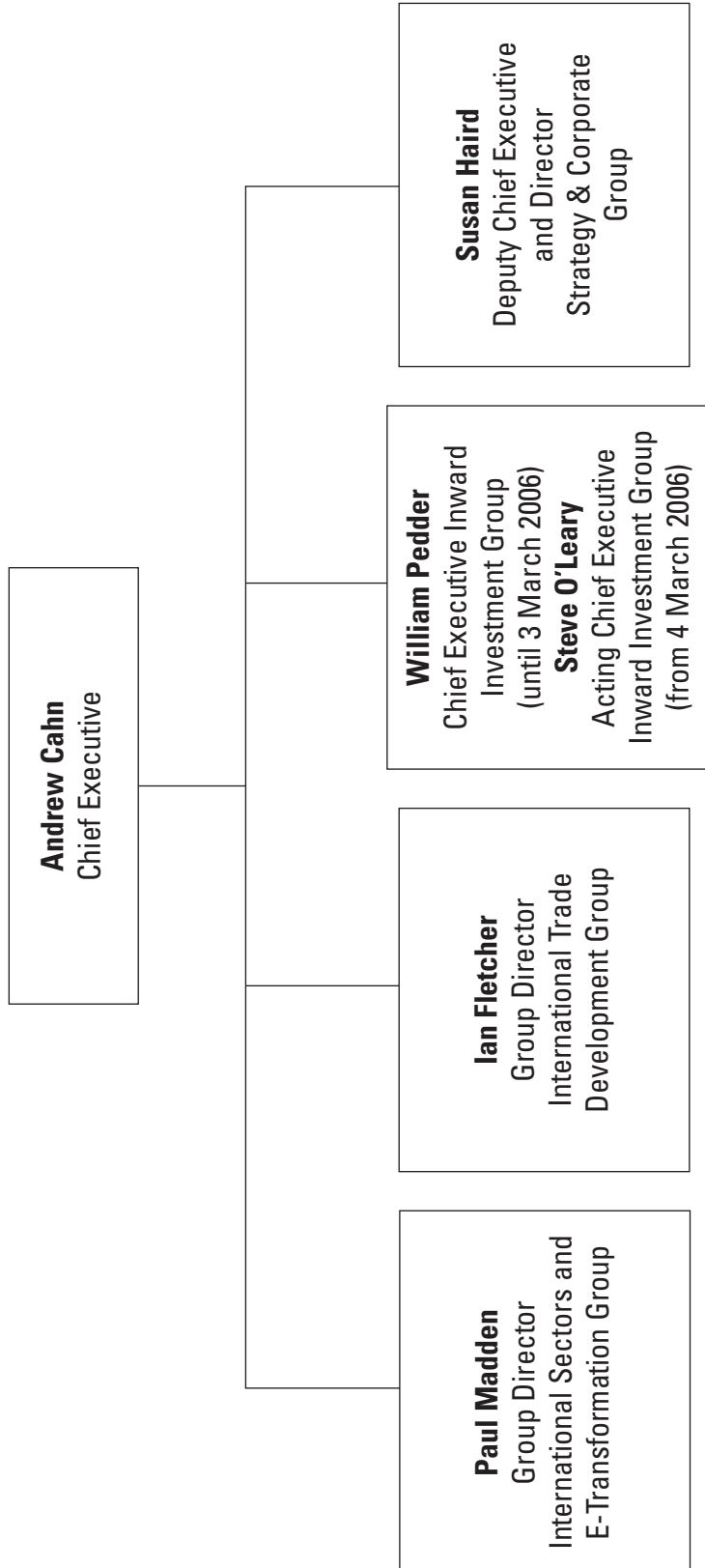
Independent Board Member

Barry Stickings, CBE

Independent Board Member

UK Trade & Investment structure

Senior Management Team



Section 1: Introduction

1.1 The UK, the world's fifth largest trading nation, is one of the most open places in the world to do business. Our exports have long been vital to our national prosperity, and currently one in four jobs in the UK is linked to business overseas. We are the world's second biggest outward investor, after the USA. We succeed in attracting more inward investment than any other EU member state.

1.2 The structure of the UK's economy is adjusting successfully to the challenges and opportunities of globalisation. Over the years ahead the pace of global economic integration, and of innovation and technological change, will intensify. The competitive pressures on business around the world will continue to increase. The success of the UK in supporting the efforts of companies competing in this global economy is central to our national economic prosperity.

1.3 UK Trade & Investment provides targeted, tailored support for these companies. It has the lead responsibility within government for trade and investment services. It brings together the work of the Foreign & Commonwealth Office (FCO) and the Department of Trade and Industry (DTI), and draws staff and support from both parent departments. It works closely with the Regional Development Agencies (RDAs) in the English regions and with the trade promotion and inward investment organisations of the devolved administrations.

1.4 UK Trade & Investment provides business with a network of trade and investment advisers in the English regions and an international network of specialist, business-focused help based in embassies, high commissions and consulates around the world. Through this network, UK Trade & Investment gives companies unrivalled access to a global government organisation, supporting their trade and investment activities around the world.

1.5 This report emphasises UK Trade & Investment's progress and achievements over the past year and sets out its plans for the future.

Section 2: UK Trade & Investment's strategy

2.1 UK Trade & Investment's 2005 Departmental Report set out how the organisation would deliver a strategy – Strategy 2008 – that took account of the outcome of the 2004 Spending Review (SR2004), and would take the organisation through to the end of the SR2004 period. Its aims for this period are reflected in its Public Service Agreement Target and supporting Indicators (see Section 3).

2.2 Strategy 2008 committed UK Trade & Investment to providing a better service to customers and increased value for money for the taxpayer. Over recent years, UK Trade & Investment has moved away from providing direct subsidies to business. Its focus now is on helping and supporting companies to help themselves, to identify the skills and build the capacity they need to succeed in overseas markets. Annex A sets out the rationale for these activities in more detail.

2.3 Over the last year UK Trade & Investment has also re-prioritised its resources overseas. It is now concentrating more of its resources on markets with high customer demand, and on those markets that will be of most strategic significance to UK businesses in the longer term. Given the importance of foreign direct investment (FDI) to the UK economy, UK Trade & Investment has also put more resources into attracting high quality FDI.

2.4 UK Trade & Investment is now in the process of developing a revised five-year strategy. The context for this is the 22 March Budget announcement of an enhanced role for UK Trade & Investment, to help business to respond to the challenges of globalisation.

2.5 By the summer UK Trade & Investment will publish a strategy for a step change in the Government's drive to market the UK internationally. This will cover both trade and inward investment, and will focus on high-growth countries of strategic importance, such as China and India, and on innovative and R&D intensive businesses. The strategy will form the basis of a partnership between relevant government departments and agencies; Regional Development Agencies and devolved administrations; and the private sector bodies active in this field.

2.6 The Chancellor also announced two new UK Trade & Investment programmes flowing from the Economic Benefits Study, which was commissioned as part of its SR2004 settlement. An international research and development strategy will seek to attract more business research and development to the UK, and to make Britain's innovative firms the best in the world. We propose to recruit private sector expertise to help us to achieve this. The second will increase resources to help companies into emerging markets such as China and India.

2.7 UK Trade & Investment will also co-ordinate the delivery of a strategy to promote London as the world's leading centre for financial and business services. This will bring together the many players in the City and market what is one of the UK's great strengths more effectively.

2.8 UK Trade & Investment will need to develop and change to respond to these new tasks. A programme of organisational change will be published by the summer, alongside its new strategy.

Section 3: Aim, targets & performance

The UK Trade & Investment aim

3.1 UK Trade & Investment has an overarching aim, shared with the FCO and DTI:

“To enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment.”

Public Service Agreement (PSA) target

3.2 UK Trade & Investment has one PSA target for the SR2004 period (2005-06 to 2007-08):

“By 2008, deliver a measurable improvement in the business performance of UK Trade & Investment’s international trade customers, with an emphasis on new-to-export firms; and maintain the UK as the prime location in the EU for foreign direct investment.”

3.3 This target is underpinned by a suite of five PSA indicators against which the organisation’s performance will be measured.

Performance against trade development indicators

Indicator (i) (“new-to-export” indicator):

At least 40 per cent of new-to-export firms assisted by UK Trade & Investment improve their business performance within two years.

3.4 This indicator is an update of a new-to-export indicator from the SR2002 period, which runs to 31 March 2006 and requires at least 30 per cent of new-to-export firms to report improved business performance following intervention from UK Trade & Investment.

3.5 For the SR2002 period this indicator was measured on a calendar year basis. For the SR2004 period, the 40 per cent indicator will be measured on a financial year basis, to align measurement more directly with the funding period.

3.6 For the SR2002 *30 per cent indicator* the performance is as follows:

2002 Annual Result	2003 Annual Result	2004 Annual Result	2005 Annual Result
32%	35%	30%	31%

Assessment of progress: ON COURSE

3.7 UK Trade & Investment is currently on course to deliver the 30 per cent target for the SR2002 period.

3.8 For the SR2004 *40 per cent indicator* the data for cumulative performance for Q1 to Q3 2005-06 shows that 35 per cent of companies surveyed had improved their performance.

Assessment of progress: ON COURSE

3.9 Although performance in Q3 dropped below the SR2004 40 per cent target, UK Trade & Investment remains on course to deliver the 40 per cent target for the SR2004 period.

Factors affecting performance

3.10 The respondents to the monitoring surveys that provide data for this indicator cite the decline of the dollar against sterling as impacting on the competitiveness of UK-based firms attempting to do business in markets where they are competing against US-based firms. This loss of competitiveness of UK firms in international markets could impact on their business performance and hence undermine achievement of this target.

Indicator (ii) (“new-to-market” indicator):

At least 50 per cent of established exporters assisted by UK Trade & Investment improve their business performance within two years.

3.11 This indicator remains unchanged from its predecessor in the SR2002 settlement. It covers the support given by UK Trade & Investment to established exporters seeking to enter new markets. The barriers faced by such companies trying to do business in a new country can be similar, and justify similar support, to those faced by companies seeking to enter export markets for the first time.

2002 Annual Result	2003 Annual Result	2004 Annual Result	2005 Annual Result
52%	44%	43%	54%

Assessment of progress: ON COURSE

3.12 For the SR2002 period this indicator was measured on a calendar year basis. For the SR2004 period it will be measured on a financial year basis, to align measurement more directly with the funding period.

3.13 Cumulative data for Q1 to Q3 FY 2005-06 shows that 57 per cent of companies surveyed had improved performance.

Factors affecting performance

3.14 There has been a significant improvement in the established exporter measure compared to previous periods. However, the respondents to the monitoring surveys that provide data for this indicator cite the decline of the dollar against sterling as impacting on the competitiveness of UK-based firms attempting to do business in markets where they are competing against US-based firms. This loss of competitiveness of UK firms in international markets could impact on their business performance and hence undermine achievement of this target.

<p>Indicator (iii) (“shift in resources to support new-to-export firms” indicator)</p> <p>At least a 30-percentage point increase by 2007-08 in the proportion of UK Trade & Investment trade development resources focused on new-to-export firms.</p>
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Assessment of progress: ON COURSE

3.15 Focus continues on shifting resources to new-to-export firms.

Factors affecting performance

3.16 UK Trade & Investment’s 2004 Spending Review (SR2004) settlement required that an increased share of its programme spend dedicated to trade development should be focused on new-to-export firms.

3.17 This shift of resources is against an overall reduction in the proportion of resources UK Trade & Investment dedicates to trade development as, again in line with the Spending Review settlement, resources are increased in support of inward investment.

Quality of data systems used

“New-to-export” and “New-to-market” indicators

3.18 Data for the new-to-export and new-to-market indicators are collected through a performance measurement survey and analysis carried out by external consultants.

3.19 For the three years ending 31 December 2005 the consultants were the Reading Business Group, Reading University, and the survey covered 800 firms each year. From 1 January 2006 substantial increases in the survey sample size are being implemented, to a minimum of 2,000 firms per year, as part of the introduction of a new extended performance measurement system. Further details on this are in “Better evaluation”, in section 5.

3.20 The performance measurement surveys gather information on the overall performance of UK Trade & Investment against these two PSA indicators. The percentage figures in these indicators reflect those firms achieving sustainable (i.e. longer-term) improvements in productivity and profitability.

3.21 Currently, these indicators do not capture the impact of UK Trade & Investment support on business capabilities until companies have actually achieved additional export business. However, a range of additional measures being introduced with the new extended performance measurement surveys will improve the measurement of our impact on business capabilities.

3.22 The surveys are based on telephone interviews with a sample of users of UK Trade & Investment's principal services. (Annex E presents an overview of these services.) The interviews are carried out in two or three waves, depending on the nature of the support.

3.23 The first wave provides an initial assessment of the difference that UK Trade & Investment's support has made, taking into account changes the business may have made to its products, practices or marketing strategies, or impact on other business decisions. These interviews are carried out between three to six months after support.

3.24 Subsequent waves of interviews are designed to assess the longer-term impact of UK Trade & Investment services. These second- and third-wave interviews are carried out 12 months and 18-24 months later respectively. The third wave will only be carried out where impact from support is expected to materialise over a longer period, for example as the result of capacity building in new-to-export companies.

3.25 The surveys concentrate on gathering information on business performance and processes; how these have changed over the period since service delivery; and the factors which lie behind the reported changes, such as improved knowledge and capabilities, or help with overcoming other barriers to overseas market entry. The emphasis is on factors affecting business competitiveness, and the measurement methodology aims to capture sustainable rather than unsustainable increases.

3.26 Other issues covered by the survey questions include:

- new business, both in the target market as well as any new sales in any other market, and any (positive or negative) effects on domestic sales,
- impact on skills and on business behaviour, including improvements in products, processes or strategies, and impact on investment in research and new product development,
- quality, relevance and usefulness of information, advice, or contacts provided by UK Trade & Investment,
- the extent to which similar benefits could have been achieved through other means, including the availability of any private sector sources of advice or information, and
- business profile characteristics, and strategic motives for exporting.

3.27 Data gathered on business profile characteristics and strategic motives for exporting are used in analysis of the survey results to help identify characteristics of businesses most likely to benefit from UK Trade & Investment support. The questions also contain crosschecks, including data about actual performance, enabling the consultant carrying out the interview to identify inconsistent responses. The follow-up interviews provide further opportunity for crosschecks with firms' initial responses.

3.28 The results indicate how UK Trade & Investment's assistance has improved firms' performance, especially productivity and profitability, and enable a judgement to be made as to whether UK Trade & Investment has met these PSA indicators. Results from the initial wave of interviews also provide UK Trade & Investment managers with early indications of how well different services are performing, so that appropriate adjustments can be made to drive up service quality.

“Shift in resources to support new-to-export firms” indicator

3.29 The shift in trade development resources dedicated to new-to-export firms is tracked by monitoring the resource budgets that support UK Trade & Investment’s trade development work.

SR2002 major overseas projects indicator

3.30 This indicator, which dates from the SR2002 settlement, loses its PSA indicator status in April 2006.

At least 70 per cent of firms receiving assistance with major overseas projects reporting that our help was a significant factor.

2002 Annual Result (January 2003 survey)	2003 Annual Result (January 2004 survey)	2004 Annual Result (Survey carried out quarterly during 2004)	Qtrs 1–4 2005
58%	61%	Q1 – 36%	Q1 – 76%
		Q2 – 80%	Q2 – 64%
		Q3 – 76%	Q3 – 72%
		Q4 – 68%	Q4 – 72%
		Annual result 65%	Annual result 71%

Assessment of progress: ON COURSE

3.31 Performance against this indicator has maintained the improvement seen through 2004 and looks set to be achieved over the SR2002 period, to 31 March 2006.

Quality of data systems used

3.32 The Casson & Crispe survey, covering the major overseas projects indicator, consists of telephone interviews with a sample of firms that have received assistance from UK Trade & Investment’s sector teams in the UK or Posts overseas, in connection with major business projects. The firms are asked a range of questions about their activities and outcomes over the past year. The assistance given covers a wide range of activities, with many projects taking lengthy periods to come to fruition.

3.33 Although from April 2006 this is no longer a PSA indicator, UK Trade & Investment will continue to monitor this measure as part of its wider performance monitoring system.

Performance against inward investment indicators

Indicator (iv):

Improve the UK's ranking within Europe in terms of the GDP-adjusted stock of EU foreign direct investment based on the UNCTAD World Investment Report.

Assessment of progress: ON COURSE

3.34 The UNCTAD World Investment Report, September 2005, confirms the UK remains the number one inward investment destination in Europe. The UK's GDP-adjusted ranking has increased from a revised ranking of thirteenth in 2003 to eleventh in 2004.

Indicator (v):

374 (in 2005-06), 440 (in 2006-07) and 524 (in 2007-08) successful inward investment projects secured by UK Trade & Investment in each year of the Spending Review of which 75 per cent are knowledge driven.

Assessment of progress: ON COURSE

3.35 325 successes, ahead of target, reported at Q3 2005-06 by Posts; final figures will be validated for publication in the July 2006 "UK Inward Investment 2005-06" report. Currently 74 per cent of these are reported as being knowledge-driven.

3.36 Inward Investment overseas teams are targeting new knowledge-driven projects with the aim of securing the overall target of 1,338 successes by 2007-08.

Factors affecting performance

3.37 Macroeconomic policy and the performance of the UK economy are critical to inward investment success and hence to the achievement of these targets.

Quality of data systems used

3.38 Data on the UK's ranking within Europe is taken from the UNCTAD World Investment Report and online FDI database.¹

3.39 Data on successful inward investment projects secured is based on the electronic project tracking system. This uses definitions of success agreed by the Committee on Overseas Promotion (COP), a joint UK Trade & Investment Inward Investment / Regional Development Agency / devolved administration committee.

¹ Rankings exclude Belgium and Luxembourg because no data was available for these countries at the time of publication of the UNCTAD report. This does not affect the PSA target directly.

Corporate performance indicators

3.40 For the SR2002 period UK Trade & Investment used a number of corporate performance indicators that underpinned its PSA target and PSA indicators. These aimed to deliver the following outcomes:

- By 2006, develop 6,000 (successful) new exporters.
- By 2006, 18,000 UK firms successfully into markets new to them.
- Increase the number of registered customers for UK Trade & Investment's website services by 50 per cent by end 2005-06 (from baseline of 20,000).
- Handle 25 per cent more inward investment projects than over the previous three-year average.
- 75 per cent success rate for inward investment location decisions for projects handled by UK Trade & Investment over a three-year period.
- 70 per cent of all inward investment successes handled by UK Trade & Investment to be in knowledge driven sectors or technologies.

3.41 These corporate indicators will be maintained to the end of the 2002 Spending Review period (31 March 2006) and the table at Annex B shows recent results against these indicators.

3.42 For the SR2004 period some aspects of these indicators have been incorporated into an internal scorecard that UK Trade & Investment maintains for business management purposes. This scorecard is reviewed and discussed quarterly by UK Trade & Investment's Executive Board.

Section 4: Resources

Changes in funding

4.1 As a result of the SR2004 settlement, by April 2008 UK Trade & Investment's annual funding will have been reduced by £35 million, from a total of around £287 million in 2003-04. £11 million of the required reductions will be found from UK Trade & Investment's programme funding, with the balance, £24 million, being found from reductions in admin spending. The reductions in admin spending will be achieved primarily by significant reductions in staffing levels.

4.2 Over the period to April 2008, UK Trade & Investment is in the process of reducing the numbers of posts in its London and Glasgow headquarters offices by 200. Staff employed in London and Glasgow include both operational, customer-facing staff as well as those in corporate support functions. The reductions in staff, combined with the resource shifts required in order to deliver the SR2004 settlement, will mean an overall reduction in the size of the organisation. A greater proportion of resources are going towards inward investment and on resources at the front line rather than corporate positions.

4.3 The implications for resources and staffing of the 2006 Budget announcement, on an enhanced role for UK Trade & Investment in helping business respond to the challenges of globalisation, are currently being assessed.

Section 5: Developing the delivery of trade customer-facing services and operations

Strengthening of the English regions

5.1 In the English regions small-and medium-sized enterprises (SMEs) in particular have benefited from the strengthening of UK Trade & Investment's network of locally based International Trade Advisers, of which there are now some 270. Their role is to work closely with business clients to identify their needs, and consider how trading internationally could help grow their business. The International Trade Advisers co-ordinate customers' access to UK Trade & Investment services and support from our network of Posts overseas, and put them in touch with advice available from other deliverers of services from which the company may benefit. UK Trade & Investment's success in the regions is contributed to by our close working relationships with a wide range of partners and stakeholders, including the Regional Development Agencies (RDAs), Chambers of Commerce, Business Links, academia, the financial services sector and others.

5.2 UK Trade & Investment operates as the international trade arm of the RDAs and this year, for the first time, its regional delivery plans have been jointly agreed with the RDAs under the new "Dual Key" relationship that was agreed between the RDA Chairs and Ministers in 2004. This close relationship with RDAs, as the lead organisations with responsibility for economic growth in their regions, enables UK Trade & Investment's services at regional level to reflect regional needs and priorities fully, and ensure that use of regional resources devoted to international trade is maximised and duplication avoided. At the same time, the regions have benefited from UK Trade & Investment's regionally based teams being part of a global organisation ("Swindon to Shanghai"), which gives companies access through their local International Trade Advisers to our network of staff in embassies and consulates overseas.

5.3 This year UK Trade & Investment's regional network has continued to evolve against a background of wider changes to the business support network, since the RDAs took over responsibility for, and funding of, the Business Link network in 2005. In the South East region, all the International Trade Advisers have been brought together in a single management structure: Team South East. This has already delivered efficiencies that have allowed further strengthening of customer-facing resources. More recently, as a result of the close co-operation between UK Trade & Investment and the South East Regional Development Agency, the international trade and inward investment efforts in the region have been brought together under UK Trade & Investment's South East International Trade Director. Trade and inward investment have also been brought together in the East of England, with the International Trade Advisers forming part of East of England International, a new body which is also responsible for delivering the region's inward investment agenda. New delivery structures are emerging in other regions too, reflecting regional needs and circumstances and our close working relationship with each region's RDA.

Reprioritisation of sector work

5.4 During 2005-06 UK Trade & Investment's sector teams spent around £30 million (including spend on the "Support for Exhibitions and Seminars Abroad" scheme), delivering more than 20,000 company interventions.

5.5 From 1 April 2005 there were 16 full headquarters sector teams. In a further seven sectors, UK Trade & Investment regional offices took on the role of national focal point. The principle activities were:

- providing political support in challenging markets,
- helping to co-ordinate activities across a wide range of players at the regional and national level,
- helping to introduce UK SMEs into the supply chains of overseas customers through group activities,
- identifying business opportunities in specific sectors in overseas markets,
- showcasing UK sector capabilities,
- introducing UK companies into overseas markets,
- introducing potential overseas customers to UK suppliers, and
- government-to-government sectoral co-operation.

Support for overseas exhibitions, missions and trade fairs

5.6 In 2005-06 UK Trade & Investment had a large programme of supported events overseas, including more than 500 exhibitions and around 300 sectoral missions and seminars. For 2006-07 UK Trade & Investment has redesigned this support to focus it more directly on less experienced exporters seeking to test the effectiveness of overseas exhibitions for market entry. This will be called the Tradeshow Access Programme (TAP).

5.7 SMEs who are new to export will be eligible for exhibition support, as will more established exporters who are attending events in China and India as markets new to them. Exhibition support will be more integrated with the delivery of other UK Trade & Investment services by involving International Trade Teams around the UK in approving grant applications. UK Trade & Investment will work with accredited trade organisations to help businesses improve their performance at overseas shows.

5.8 There are 600 exhibitions in the 2006-07 Tradeshow Access Programme, of which 300 have been identified as key sectoral events and as such will receive UK Trade & Investment funding to promote the UK group as a whole. Sector teams will run a programme of missions and seminars aligned with sector strategies and organised by third parties.

Market desks

5.9 UK Trade & Investment's three market directorates in London covering Europe and Americas, Africa and the Middle East, and Asia Pacific are the focal point within the organisation in the UK for market-related knowledge and advice for business customers, stakeholders and other parts of the UK Trade & Investment network. Working with other parts of this network, the market desks handle enquiries from companies; help businesses understand the potential of individual markets and regions overseas; advise on strategic issues; and assist UK investors facing difficulties in operating in challenging markets. The market desks have also assumed responsibility within headquarters for resource and performance management in the overseas network.

5.10 There have been further reductions in the number of staff involved in markets work, reflecting the organisation's more strategic approach to its overseas network and the further transfer to Posts of market desk activity. These transfers mean that UK Trade & Investment's commercial teams in Posts across Western Europe now handle all country business for their markets, including enquiries direct from UK companies. Posts in the more distant markets of North America, Brazil and South Africa are also now handling enquiries direct from businesses in the UK. This arrangement has been very successful in allowing companies to tap directly into the expert market knowledge and advice of UK Trade & Investment staff based in the markets. In many cases, because of the greater knowledge and range of contacts of local staff, customers have benefited beyond the limits of their original enquiries.

Key services for customers

Passport

5.11 During the course of 2005-06, we have implemented a number of measures to enhance the Passport to Export programme, including the introduction of a common diagnostic for all Passport companies, a common format for firms' action plans, a market selection tool to help new exporters choose their first overseas market, and a market selection service. This last will ensure that overseas Posts get the right amount of detailed information, in a consistent format, on Passport companies to enable them to advise on the suitability of a firm's product for their market. In September 2005, we introduced the first national award for Passport companies which was presented at the Institute of Export annual event. The strong field included shortlisted candidates from all the English regions. This award proved very popular and we intend that it should become an annual event.

5.12 There are currently more than 3,500 companies going through the Passport to Export programme and more than 2,300 that have completed it.

Customer handling

5.13 In 2005 UK Trade & Investment's telephone and email enquiry service responded to 34,171 telephone calls and 6,175 emails.

5.14 In response to declining customer visits and the increasing use of the internet for research the UK Trade & Investment Information Centre was closed in December 2005. The viability of a "Virtual" Information Centre concept is to be reviewed during 2006.

Promoting online services

5.15 Following the launch of UK Trade & Investment's website in 2004 a series of enhancements were introduced during 2005. In addition, based on further customer research, the overall design and navigation of the site was enhanced in February 2006. In 2005 there was growth in the number of active registered customers associated with a UK business using the website. By March 2006 there were 10,600 such customers.

Overseas Market Introduction Service (OMIS)

5.16 During 2005 UK Trade & Investment's Overseas Market Introduction Service (OMIS) was transferred to online delivery in a further 30 countries, bringing the total online to 61 by December 2005. The online system will be rolled out to a further 24 countries by April 2006 making a total of 85 markets online. The number of OMIS orders handled online during 2005 was 1,675. About 75 per cent of all OMIS chargeable services are now handled electronically.

Customer Relationship Management (CRM)

5.17 UK Trade & Investment's pilot implementation of a web-based customer relationship management (CRM) system was further progressed in 2005. The aims of the system are to:

- enhance the quality and professionalism of the service provided to customers,
- share relevant customer information across the organisation, and
- avoid duplication of effort.

5.18 In response to feedback from Inward Investment staff in London and Germany a number of changes have been introduced. We also progressed preparations for implementation on a "pathfinder" basis with trade staff in the South East region, Sweden and some sector teams. The pathfinder is due to become operational in early 2006. Wider decisions on the roll-out of the CRM system will be taken during 2006 based on an evaluation of the pilots.

Developments in trade services

Services Review

5.19 In 2004, UK Trade & Investment undertook a review of all the trade services it offered to help business trade internationally. Customers had told us that, while they liked and valued the UK Trade & Investment service, they found the number of services confusing, and some had less impact and value than others. The outcome was a new Trade Services Framework focusing on three customer-facing areas, which represents the customer journey. The three categories are "Advice and Support", "Information and Opportunities" and "Making it Happen". Each category has a toolkit of services that allows UK Trade & Investment to tailor its services to the needs of the customer. These services are listed at Annex E.

5.20 The Trade Services Framework was rolled out to staff in the autumn of 2004/early 2005 through a series of workshops and briefing sessions, both in the UK and overseas. The Framework has been well received by customers. UK Trade & Investment will continue both to monitor the impact of the new Framework and to adjust the flexible service offer, based on feedback from staff and customers and in the context of increasing globalisation.

Charging

5.21 UK Trade & Investment will progressively broaden its trade-charging regime for company-specific support.

5.22 Foremost, charging acts as a test of economic value, enabling customers to make informed choices about which services they value and how frequently they use them. Charging can also help to drive up UK Trade & Investment's professionalism, improving the quality and consistency of delivery to customers who will demand value for money. It also deters frivolous enquiries and informs resource allocations.

5.23 UK Trade & Investment plans to introduce greater pricing flexibility by introducing new price bands for the Overseas Market Introduction Service, accompanied by an annual review of prices.

Better evaluation

5.24 UK Trade & Investment places strong emphasis on good evaluation evidence as an essential input to sound policy and business planning decisions, and has taken a number of steps over the past year to strengthen arrangements for monitoring and evaluating its activities.

5.25 These arrangements seek to meet a number of distinct organisational needs, and to do so in a cost-effective way that does not place undue burdens on either customers or staff. Key needs are to:

- measure impact and value for money,
- track progress against PSA indicators,
- identify which types of activity generate greatest impact,
- inform and drive continuous improvement,
- understand the needs of different groups of customers, and thus inform targeting and service development, and
- inform resource allocation.

5.26 The approach UK Trade & Investment is taking builds on work the DTI has done to upgrade its business support monitoring and evaluation systems. This will ensure independent rigour and consistency, as well as comparability with relevant DTI performance measures. There are four main elements:

- Universal capture of data on businesses helped by UK Trade & Investment. The essential underpinning to all evaluation of what difference UK Trade & Investment makes is keeping good records of who was helped and what form of help they received.
- A new central monitoring survey of UK Trade & Investment customers: The Performance and Impact Monitoring Survey (PIMS) will provide evidence about service quality and about what difference UK Trade & Investment makes to businesses, using a range of measures, including the UK Trade & Investment PSA indicators for trade. The survey will cover all significant customer-facing trade services, replacing as of 2006, the surveys previously done by Reading Business Group.

- Point of delivery performance assessment based on quick and simple customer feedback. The UK Trade & Investment Economics and Evaluation Team is developing a set of short feedback forms, consistent with the survey, which will be available for use at local level by UK Trade & Investment teams where appropriate. The forms will not substitute for the survey interviews but can be given by delivery teams to customers at an earlier stage, for example to obtain quick feedback on the quality of events or other services.
- An annual programme of independent economic impact evaluations. In 2006, evaluations will spotlight the work of UK Trade & Investment's International sector teams and that of the International Trade advisers in the English regions.

5.27 Impact evaluation in UK Trade & Investment is supported by an ongoing programme of wider research on issues relating to the economic rationale for government roles in supporting trade and investment. UK Trade & Investment commissioned research during 2005 for this purpose², in addition to the research that was commissioned for the Study of the Relative Economic Benefits of UK Trade & Investment Support for Trade and Inward Investment.

Special representative: HRH The Duke of York

5.28 HRH The Duke of York has been Special Representative for International Trade and Investment since 1 October 2001. HRH continues to make a significant contribution in this role, undertaking an extensive programme of targeted engagements both in the UK and overseas to promote the interest of UK industry and the UK as a whole. HRH works closely with UK Trade & Investment and the devolved administrations in support of their overseas trade and inward investment objectives. Details of HRH The Duke of York's engagements are available at www.royal.gov.uk.

2 • Harris, R. and Q Cher Li, (2005a) *Review of the Literature: the Role of International Trade and Investment in Business Growth and Development*.
 • Harris, R. and Q Cher Li, (2005b), *Establishment Level Empirical Study of Links between Exporting, Innovation, and Productivity*.
 • SQW, (2005), *Review of the Evaluation Evidence on Trade Promotion: final Report to UK Trade & Investment*.

Section 6: Inward investment services

6.1 UK Trade & Investment is the national inward investment promotion agency that helps businesses locate in the UK and grow internationally. It leads the UK inward investment network – the Regional Development Agencies (RDAs) and the devolved administrations – in helping firms, from hi-tech start-ups to global industry leaders, discover global growth from a UK base.

6.2 Inward investment successes reported to UK Trade & Investment for 2004-05 totalled 1,066, an increase of 31 per cent over 2003-04. These investments resulted in 39,592 new jobs and safeguarded a further 35,451.

6.3 In 2005-06 UK Trade & Investment started to implement the outcome of the SR2004 settlement, namely:

- an expansion of UK Trade & Investment inward investment teams in London and overseas,
- the development of a closer and more co-ordinated approach to inward investment with the RDAs, especially agreement between UK Trade & Investment and RDA overseas teams,
- the provision of an additional £2 million of funding for the RDAs, bringing the total funding to £15.2 million, and
- the pursuit of an increased number of new projects of which 75 per cent are to be knowledge driven.

Investor services

6.4 UK Trade & Investment helps inward investment by:

- promoting the UK as the prime location for inward investment,
- advising potential inward investors on regions of the UK that best match their individual requirements,
- arranging visit programmes to help companies view at first hand the advantages the UK offers them,
- advising on the national, regional and local incentives available to encourage investment,
- giving advice on establishing an operation in the UK including details of work permits, regulations and immigration law,
- helping to make contacts with key private sector companies and public sector organisations,
- advising on worker availability and skills, component suppliers and sub-contractors,
- advising on European markets, particularly the EU and its rules, together with other aspects of the operating environment,
- maintaining dialogue with major investors already in the UK to encourage their successful development and expansion,
- developing an advocacy role (“*A Voice in Government*”) that seeks to better influence government policy and regulation so that investors are confident about the UK’s future competitiveness in building on their existing UK investments, and
- developing co-operation between the principal bodies engaged in inward investment promotion through chairmanship of the Committee on Overseas Promotion.

Global Entrepreneurs and Global Partnerships

6.5 The Global Entrepreneurs Programme is designed to attract individuals to the UK who possess intellectual property of exceptional potential and/or entrepreneurial management talent, and to raise the profile of entrepreneurial Britain. During 2004-05 UK Trade & Investment helped 11 new start-ups in a range of sectors including nanotechnology, mobile software, silicon design, photovoltaics, gene therapy/stem cell research and software.

6.6 The Global Partnerships Service is a “matchmaker programme” for foreign companies, especially in emerging sectors, designed to assist in finding UK partner organisations for the further development of innovative technology. During 2004-05 UK Trade & Investment was involved in 11 new partnerships notably in advanced engineering, medical technologies and renewable energy.

Inward Investment Group online

6.7 The new Inward Investment website www.ukinvest.gov.uk, launched early in 2006, heralds a step change in Inward Investment Group’s ability to interact with its global audience. It encourages “calls to action” from users in their local language and offers a range of quality articles on market sectors. It gives help and support to enterprises wishing to grow their business in the UK – from visa and immigration advice through to tax and employment regulations. A vibrant daily news agenda keeps the site looking fresh and lively and encourages links from third-party multipliers. Users can sign up for personalised email alerts and build their own database of localised content. Visually appealing and using the latest online marketing techniques the website aims to maintain the UK as the premier inward investment location in Europe.

Investor development

6.8 UK Trade & Investment manages the UK’s investor development network. The organisation is responsible for co-ordinating national policy for investor development and its subsequent facilitation through the provision of a professionally delivered programme of investor support.

6.9 UK Trade & Investment continues to develop its relationship with the Investor Development (ID) teams in the RDAs and the devolved administrations, with the aim of offering a more coherent investor service across the UK to existing inward investors, to retain and add value to inward investment in the UK.

6.10 In a highly competitive international market, investor development (also known as “aftercare”) is crucial. In 2004-05, 50 per cent of all new jobs from inward investment were from existing investors.

A voice in Government

6.11 In partnership with the DTI, UK Trade & Investment will continue to lobby on issues that concern investors and is developing further its “Voice in Government” offer to existing investors.

6.12 UK Trade & Investment acts as an advocate in Whitehall for investors. This includes perceptions that may place the UK at a disadvantage compared to competitor markets, and on company-specific issues that impede the growth and development of investors’ operations in the UK.

6.13 UK Trade & Investment is working with RDAs and the devolved administrations to help develop a better understanding of the investment drivers such as planning, transport infrastructure and skills availability.

Future strategy

6.14 UK Trade & Investment’s Inward Investment Group has developed a new Global Opportunities Strategy in order to meet the challenges and changing nature of the global marketplace. The new strategy will address:

- the intensifying competition from other national inward investment promotion agencies,
- the need for UK Trade & Investment to re-establish a stronger leadership role as the national agency among its partners and stakeholders through working to a stronger, more unifying national FDI strategy, and
- the challenge of maintaining the UK’s share of a changing mix of inward investment likely to come into Western Europe in the next decade.

Section 7: Improving the organisation

7.1 As part of Strategy 2008, and its responses to the SR2004 settlement, UK Trade & Investment is placing greater emphasis on professionalism and a more highly skilled workforce.

Professionalism

7.2 Our corporate aim is to ensure that UK Trade & Investment's customers receive relevant and value-added services, advice and support from staff that are focused on the needs of the customer. We deliver these outcomes through a suite of events designed and delivered to support customer service delivery along with programmes to ensure that new business systems are effectively launched and embedded throughout the organisation.

7.3 Leadership and management effectiveness is also recognised as a key strategic priority. Our delivery of programmes for staff focused on improving capability in line with Professional Skills for Government aims, and also in partnership with our parent departments.

7.4 Opportunities for further education, principally through UK Trade & Investment's tailor-made Diploma in Management, Trade & Investment, are fully taken up across our UK and overseas networks and 34 staff successfully achieved the Institute of Export Advanced Certificate in Trade.

7.5 From April 2005 to March 2006 the Professional Development Unit ran around 170 courses for over 1,500 delegates; over 110 staff used the online e-learning programme in the first six months since its launch.

Interchange programme/private sector expertise

7.6 Interchange is a key element of UK Trade & Investment's professional development strategy. Through a programme of two-way secondments and attachments with the private sector, UK Trade & Investment aims to spread skills, develop best practice and boost its professionalism, offering an increasingly more business-focused service to our customers.

7.7 In 2005-2006 over 35 public sector staff were on secondment to the private sector. Over the same period 36 business specialists from the private sector worked in UK Trade & Investment on secondment. Several of these were brought in as part of the Short Term Business Attachment scheme to undertake sector-based projects of three to six months.

7.8 The Interchange programme also allows for staff in the UK to spend short periods of time at overseas Posts and for locally engaged overseas staff to do the same in the UK. In 2005-2006 over 30 staff from HQ and the regions had the opportunity to work overseas for a period of weeks or months and over 55 locally engaged overseas staff were able to come back to the UK as part of the Local Staff Attachment scheme.

7.9 Outside the formal Interchange schemes UK Trade & Investment staff are increasingly being encouraged to explore opportunities for undertaking weeks in business and ad-hoc cross-team networking to further enhance communication across the network and increase the understanding of each other's roles.

Diversity

7.10 With staff in London, Glasgow, the English regions and across its overseas network, UK Trade & Investment is by its nature a very diverse organisation. To ensure that it can benefit fully from the talents of its workforce, UK Trade & Investment works closely with its parent departments to ensure that diversity is embedded in all aspects of its work, be that external and customer-focused or internal and staff-focused. It is supported in this by its Bringing on Talent Working Group, which brings together staff on a voluntary basis to discuss diversity issues. UK Trade & Investment is an active participant in the Cabinet Office's Summer Development Programme for Ethnic Minority Students and the Summer Placement Scheme for Disabled Students.

UK Trade & Investment monitoring of its performance against its PSA targets and other performance measures through its Performance and Impact Monitoring System (PIMS) includes data relating to the ethnicity and gender of company directors UK Trade & Investment has assisted. The first set of PIMS results will be available in June 2006. Thereafter, they will be reported on an annual basis. This will allow UK Trade & Investment to monitor the extent to which there is an increase in the number of currently under-represented groups accessing its services as a result of the targeted initiatives undertaken. This, in turn, will provide a robust evidence base to help and inform future policy direction.

UK Trade & Investment Board Awards

7.11 As part of its strategy for recognising and rewarding achievement, UK Trade & Investment launched its “Awards for Outstanding Achievement” scheme in 2003. The scheme has been warmly received by staff as a means of giving their efforts due prominence.

7.12 The most recent awards in October 2005 recognised the achievement of staff in three categories: Outstanding Achievement by an Individual, and by a Team, and Outstanding Manager. In the presence of HRH The Duke of York and Trade Minister Ian Pearson, Sir Stephen Brown presented awards to some 52 members of staff from around the world at the reception, held in St James’s Palace.

Investors in People (IiP)

7.13 In December 2005 UK Trade & Investment received recognition as an Investor in People **Worldwide**. This considerable achievement is an acknowledgement of the efforts and progress to which all UK Trade & Investment staff have contributed.

Section 8: Efficiencies

Progress against Efficiency Targets

Introduction

8.1 The following details are drawn from UK Trade & Investment's Efficiency Technical Note which can be accessed via www.uktradeinvest.gov.uk/ukti/finance, and the most recent (November 2005) Office of Government Commerce (OGC) assessment of the organisations' progress in delivering efficiency savings, and UK Trade & Investment's Q3 2005-06 efficiency savings report to OGC.

Headline efficiency savings

8.2 Over the SR2004 period UK Trade & Investment is committed to achieving the following efficiency savings against 2004-05 baseline figures:

- A cumulative reduction of £35 million on programme and admin spend.
- A reduction of 200 posts in London and Glasgow.

8.3 The table below shows the cumulative savings required by Treasury under the SR2004 settlement for the three years of the SR2004 period, across the three funding streams. Savings in 2005-06 are "non-cashable"; savings in the following two years are cashable.³

Table 1. Efficiency savings for the SR2004 period

Funding stream	Efficiency savings for 2005-06 £m	Cumulative efficiency savings for 2006-07 £m	Cumulative efficiency savings for 2007-08 £m
	Resource	Resource	Resource
Programme	2.1	5.0	11.0
FCO Admin	2.1	10.0	20.0
DTI Admin	1.6	3.0	4.0
Total	5.8	18.0	35.0

Key efficiency delivery issues for UK Trade & Investment

8.4 A substantial proportion of UK Trade & Investment's efficiency savings targets require the removal of cost from the organisation, by reductions in the numbers of parent department staff engaged on its work. However, as noted at the beginning of this Report, UK Trade & Investment is not an employer in its own right. In implementing the SR2004 settlement it has to work with both parent departments – FCO and DTI – to determine the shape of its restructuring operations. Its planning has had to take into account the capacity of parent departments – within the context of their own SR2004 obligations to the Treasury – to reabsorb released staff and redeploy them.

Efficiency savings achieved to date

8.5 The following table summarises efficiency gains achieved to date.

³ Note that re. Savings on FCO Admin, the benefit of the savings will accrue in the first instance to the FCO, and may be used by it to offset savings made elsewhere by the FCO, or surrendered as cashable. They will become cashable, in Treasury's terms, to the extent that the FCO chooses to use them directly to offset its own savings obligations.

Table 2. Efficiency savings achieved in the first nine months of the SR2004 period

Activity	Reported actual @		Forecast 03/2005	Target 03/2008 (Lyons 2010)
	09/2005	12/2005		
Efficiency gains	£1.7m	£2.6m	£2.1m	£35m
Headcount Reduction	156	156 ⁴	130	200
Lyons Relocation (posts)	15	15		0

Initiatives to deliver efficiency savings

8.6 The following table summarises the main initiatives through which UK Trade & Investment will deliver its efficiency savings.

Table 3. Main initiatives for achieving efficiency savings for the SR2004 period

Funding stream	Initiative
Programme	<ul style="list-style-type: none"> • Investment in web-based e-delivery of services to customers. • Procurement savings. • Prioritisation of trade services. • Cost recovery for services from business.
FCO Admin	<ul style="list-style-type: none"> • Reduction of UK Trade & Investment's overseas presence, yielding £20m to be handed back to FCO for redeployment on FCO priorities.
DTI Admin	<ul style="list-style-type: none"> • Delivery of £4m savings in DTI admin through reduction in DTI workforce, together with corresponding reductions in non-salary staff costs.

Quality measures

8.7 UK Trade & Investment is committed to achieving efficiencies by reducing input costs while delivering the same or improved customer services, and by refocusing priorities to deliver the same or better quality outputs.

8.8 UK Trade & Investment has a programme of external evaluation of the quality of its services. These include customer surveys that are part of its quarterly PSA indicator performance monitoring arrangements, and mystery shopping exercises. Improving the quality of service delivery is backed up by a continuing programme of improvement geared to achieving further productivity gains, through enhancing staff capabilities and refining headquarter's business processes.

4 Figure rolled forward from 09/2005

Plans and prospects for delivering efficiencies over the next six months

8.9 The Chancellor's Budget Statement in March 2006 announced an enhanced role for UK Trade & Investment in helping business respond to the challenge of globalisation. A new strategy for UK Trade & Investment, to deliver this enhanced role, will be published by the summer and will be underpinned by a programme of organisational change. Details of this programme, including a fresh look at operational efficiency, will be published alongside the strategy.

8.10 In the meantime, planned work will continue on delivering efficiency commitments, including:

- implementing required changes to the overseas network to deliver the £20 million savings required under the SR2004 settlement,
- implementing changes to UK Trade & Investment's charges for the support it provides to business,
- delivering the agreed targets for reductions in staff headcount in the UK, and
- completing the roll-out Overseas Market Introduction Service (OMIS) IT application to all UK Trade & Investment full service markets.

Section 9: Lessons learned

- UK Trade & Investment is committed to the continuing professional development of all staff. In recognising the organisation as an Investor in People Worldwide in December 2005, the IiP Recognition Panel acknowledged our commitment and dedication to continuous improvement, e.g. improvements in people management; induction processes at home and overseas; celebration of success through the Board Awards; business planning; development of the Portal; evaluation of learning and development; cross-cultural training overseas; and well embedded support procedures (the staff appraisal reporting process). UK Trade & Investment will continue to build on these strengths and its investment in people.
- We need to do more to capitalise *systematically* on knowledge in other parts of Government (e.g. Research Councils) in targeted attraction of value-added inward investment, including R&D intense investment.
- The Asia Task Force was set up to contribute to the UK's response to globalisation. It has brought together the business community, Government and academia to develop a coherent strategy to provide the UK with a differential advantage in trading with Asia. The aim is to help companies take advantage of the opportunities there and to attract potential inward investment to the UK.
- A key part of the Task Force's work is to clarify the structure of demand for UK exports in key markets in Asia. To underpin this it is building on existing knowledge and is conducting new research in areas where our knowledge is incomplete. This will help to target UK companies' efforts to maximum effect in these markets, and there is potential for developing this approach for use in other emerging markets.
- The Asia Task Force is also studying the success of mid-sized companies operating in China, India, Indonesia, Malaysia and Thailand. The aim here is to provide other companies with examples of how best to expand links with Asia and develop the opportunities available to them.
- The Task Force is working to highlight the key barriers to UK trade with Asia, to influence the current activity by the UK Government, Europe and other institutions to overcome them.

Annex A

UK Trade & Investment's economic rationale

1 International trade and investment bring benefits by enabling countries to concentrate their resources on the things they do best – specialising in their areas of “comparative advantage”. Greater internationalisation can strengthen competition and innovation, and increase access to new ideas and technologies. The opportunity to sell on world markets raises the return to innovation, gives learning benefits, and enables businesses to achieve growth and economies of scale, which domestic markets alone would not allow.

2 UK Trade & Investment action addresses market failures which would otherwise reduce the ability of UK business to achieve full potential benefits from international markets, and which would provide barriers to international investors who might otherwise locate in the UK. Where government can address these problems effectively, it can increase the income generating power of market forces, and make an important contribution to UK productivity and prosperity that more than cover the costs to the taxpayer.

3 UK Trade & Investment's role in trade development is particularly important where it helps to ensure that innovative and high productivity companies in the UK have the skills, information and access to contacts which they need to optimise international market opportunities and achieve their potential. For inward investment, UK Trade & Investment's role is especially important in the case of knowledge intensive and high productivity businesses, where their presence in the UK can benefit the economy through new ideas, higher standards and opportunities to learn from cutting-edge practices.

4 What if UK Trade & Investment support did not exist? The existing evidence is incomplete but since there is clear evidence that it is innovative, growing and high productivity businesses that most actively engage in international trade and investment, we would expect the absence of UK Trade & Investment help to affect these key companies disproportionately. The main areas of market failure which seem likely to require Government action are:

- **Information problems:** Inexperienced exporters may not be well informed about the potential benefits, costs and risks of exporting, or know how to go about finding the information they would need to assess these. Those who do decide to export often lack the skills and know-how to develop an effective marketing strategy, or to manage the risks. Potential inward investors may overlook the advantages of locating in the UK if relevant information is not available or too difficult to obtain.
- **Missing markets:** Through its network of overseas Posts, Government can provide access to contacts and key decision makers, and to some types of information, which private sector service providers might be unable to offer, or would not be able to offer as efficiently or as well. Government reputation, in particular for impartiality and trust, may also be an important aspect of the type and quality of help that UK Trade & Investment is particularly well placed to provide. Without this unique help, UK businesses would find it more difficult to gain access to overseas market opportunities, and potential inward investors would find it more difficult to obtain the contacts and information they need about the UK.
- **Public goods:** Activities and information for which benefits are widely distributed, potentially accruing to all businesses in a given sector or market, can be under-provided by private sector because of difficulties in recovering costs through charges to beneficiaries, or because no business has sufficient incentives to cover the initial fixed costs. For example, action to provide information about the merits of the UK as an investment location, or to promote awareness of the merits of the UK as a source of supply, benefit many businesses, but no individual business would have enough incentives to pay for them.
- **Networks and institutional failures:** Private sector alone may not be willing or able to develop and maintain adequately the institutions and networks that support international linkages and knowledge flows. Government help may be needed to facilitate and encourage private sector co-operation in these areas, or to complement private sector roles, for example through supporting organisations such as the China-Britain Business Council, or encouraging co-operation among trade associations in related sectors to research overseas opportunities.

Annex B

Progress against corporate indicators

(Please note: these indicators have now been incorporated into an internal scorecard. Reporting continues in this format until the end of the SR2002 period).

PSA Target	Corporate indicators	Results to date							
		Annual 2003-04	Qtr 1 2004-05	Qtr 2 2004-05	Qtr 3 2004-05	Annual 2004-05	Qtr 1 2005-06	Qtr 2 2005-06	Qtr 3 2005-06
By 2008, deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on new-to-export firms;	By 2006, develop 6,000 (successful) new exporters ⁵	1,912	355	906	1,521	2,264	603	1,304	2,016
	By 2006, 18,000 UK firms successfully into markets new to them ⁶	4,827	1,435	2,911	4,247	5,308	1,508	3,122	4,639
	By 2006, increase proportion of very satisfied UK Trade & Investment customers to at least 75%	74%	81%		83%	84%	88%	86% (Provisional)	82%
	Increase the number of registered customers for UK Trade & Investment's website services by 50% by end 2005-06 (from baseline of 20,000)	24,820				65,000 ⁷			
And maintain the UK as the prime location in the EU for foreign direct investment	Handle 25% more inward investment projects than over the previous three-year average	1,464				1,761			1,814 projects handled as at Q3 against a target of 1,822
	75% success rate for inward investment location decisions for projects handled by UK Trade & Investment over a three-year period	90% Achieved				84% Achieved			85%
	70% of all inward investment successes handled by UK Trade & Investment to be in knowledge-driven sectors or technologies	70% Achieved				76% Achieved			74%

5 Based on input from regional network only. Improved data capture suggests interactions with the rest of UK Trade & Investment are under reported; figures shown are cumulative for each financial year.

6 Based on input from regional network only. Improved data capture suggests interactions with the rest of UK Trade & Investment are under reported; figures shown are cumulative for each financial year.

7 65,000 customers were pre-registered on the new UK Trade & Investment website launched in October 2004 - including former customers of the Sales Lead Service and other UK Trade & Investment services. As at 14 March 2006 there were 10,800 active customers associated with a UK business using the personalised features of the website.

Annex C

Financial tables: performance in 2005-06

UK Trade & Investment Programme Expenditure: major programmes (£ million)

	2003-04 outturn	2004-05 outturn*	2005-06 working provision**	2006-7 plans**	2007-08 plans**	2008-09 plans**
Trade Development	75.9	76.5	67.9	63.9	57.1	57.1
<i>of which:</i>						
Support for Exhibitions and Seminars Abroad (SESA)	19.2	19.5	16.6	–	–	–
Trade Show Access ¹⁰	–	–	–	10	10	10
Passport	5.4	5.2	5.9	6.6	6.7	6.7
International Trade Advisers	10.9	14.7	16.1	17	17	17
Overseas Project Fund	2.4	0.7	0.05	0	0	0
Sector support in markets	10.9	11.6	12.2	12	11	11
Outward missions	1.8	1.1	0.1	0	0	0
Export promoters	2.4	2	1	1	1	1
Sales lead services	1.4	0.4	0	0	0	0
Income	-1.3	-1.1	-1.1	-1.5	1.6	1.6
Inward Investment	20.7	22.9	27	31.4	34	34
<i>of which:</i>						
Grants to RDAs	12.9	13.2	15.2	17.2	17.2	17.2
Promotional expenditure	6.6	9.7	12.1	11.8	12.4	12.4
<p>Note: This is not a comprehensive list of all UK Trade & Investment-funded programmes but includes the main areas of spend only.</p> <p>*2004-05 outturn figures quoted in the 2005 Departmental Report were provisional.</p> <p>** Figures are indicative only.</p> <p>*** Sales lead services has been incorporated as Business Opportunities and features on the UK Trade & Investment website at www.uktradeinvest.gov.uk</p>						

Expenditure on trade and investment

	2003-04 outturn	2004-05 outturn	2005-06 working provision	2006-07 plans	2007-08 plans	2008-09 plans
Expenditure	97.9	100.5	96.1	96.8	91.1	91.1
Income	-1.2	-1.1	-1.2	-1.5	-1.6	-1.6
Net	96.7	99.4	94.9	95.3	89.5	89.5

¹⁰ Replaces SESA.

Annex D

Private sector sponsorship

UK Trade & Investment continues to follow strictly the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines in handling sponsorship arrangements with the private sector. It uses the detailed guidelines and central advice from its parent departments.

- HSBC's UK Trade Services division provided £11,000 of sponsorship towards a business guide to visiting overseas markets that was inserted in *Overseas Trade*, the UK Trade & Investment magazine for UK small- and medium-sized enterprises.
- Shell contributed £5,000 towards the cost of an inward mission by Venezuelan oil and gas companies and UK-Venezuela partnering events in the UK in June 2005; additionally, Shell, Wood Group, PdVSA (Venezuelan National Oil Company) and Clyde & Co contributed staff resource for planning and as speakers at the events in return for co-branding.
- Design UK05 Sponsors* (excluding British Council events)

Source	Cash	In-kind (estimate)	Total
Virgin Atlantic Airways	£7,692	£50,000	£57,692
Toyota/Toto/ Nikkei Design	-	£50,000	£50,000
NTT East/ Growna Growna	-	£50,000	£50,000
Bloomberg	£7,692	£30,000	£37,692
WalesTrade International	£13,000	-	£13,000
Bombay Sapphire/A-DK	£7,692	£4,000	£11,692
BBC (London/Japan)	-	£10,000	£10,000
British Market Council	£9,321	-	£9,321
KDa/Superdeluxe	-	£8,000	£8,000
Living Design Centre Ozone	-	£5,000	£5,000

**Design UK is a campaign in Japan concentrating the efforts of UK Trade & Investment, British Council and the above stakeholder groups into a concerted one month of activity to generate a high profile for the UK design industry. The above sponsorship could not be classified as being in support of UK Trade & Investment alone, but UK Trade & Investment is the initiator of the campaign.*

- **The US/Canada Marketing Scholarships Programmes**

The US/Canada Marketing Scholarships Programmes are jointly funded by UK Trade & Investment and sponsors to give selected UK SMEs the opportunity to attend an intensive marketing course at two of the world's leading business schools, followed by a one-week Executive Attachment to high-profile North American businesses and corporations. The Programmes support up to 23 scholarship placements a year, 20 at the Kellogg School of Management in Illinois, USA and the remainder at the Richard Ivey School in Ontario, Canada.

Each scholarship placement is worth in the region of £7,500 (excluding expenses). The US Programme is part-sponsored by the Ellis Goodman Foundation; the Programme in Canada is fully sponsored by the ATCO group of companies. Business class flights to and from the USA are provided by British Airways, and UK Trade & Investment contributes 28 per cent of the cost of the Programmes overall, which equate to approximately £53,000 per annum. UK SMEs would be very unlikely to get access to the courses without the assistance of UK Trade & Investment.

The Programmes which have been running since 1992, address the lack of skills and resources available to UK SMEs for marketing in general; specifically prepare them fully to tackle overseas markets, helping them in particular to acquire the unique skills required to take on the North American market.

Annex E

Trade development and inward investment services

Trade development services

1 UK Trade & Investment delivers a range of services to customers, through its network in the English regions and overseas.

2 In the English regions, International Trade Advisers work with companies, helping them to build the capacity they need to do business overseas.

3 Overseas, UK Trade & Investment provides on-the-ground help and support on doing business in key markets for UK companies around the world. Support includes advice on local economic conditions, and help in finding (and lobbying) key contacts and identifying business opportunities.

4 UK Trade & Investment undertook a fundamental review of its trade services in 2004. In response to customer feedback a revised portfolio of services was developed, focusing on those services that add most value to customers. The services were restructured around a new trade services framework, based on three customer-facing categories that represent the stages companies pass through in engaging in the global economy. These categories and the services offered under them are set out below.

Advice and support

5 The aim here is to understand the needs and objectives of the customer and ensure the customer has the resources and skills internally – or access to resources externally – to begin to trade internationally. The relevant services are:

- **Passport to Export**, a trade development programme comprising a toolkit of advice and support to help new and inexperienced exporters develop their international trading capability.
- **Export Communications Review Scheme**, a scheme to help exporters evaluate the way they present themselves and their products or services to overseas customers.

Information and opportunities

6 Here, the objective is to support the customer in investigating and identifying opportunities throughout the world. The relevant services are:

- **Export Marketing Research Scheme (EMRS)**. This provides financial support and advice to British companies and trade associations on export marketing research.
- **Overseas Market Introduction Service (OMIS)**. This service puts customers directly in touch with UK Trade & Investment staff overseas and provides individually agreed, focused business advice, information and visit support.
- **UK Trade & Investment's website** (www.uktradeinvest.gov.uk) which uses portal technology to provide customers with a single web gateway to personalised information, including business opportunities identified by UK Trade & Investment's network of embassies, high commissions and consulates worldwide.

Making it happen

7 UK Trade & Investment's objective here is to support the customer in the realisation of an international trade opportunity and, where possible, help them to maximise that opportunity. This is delivered via:

- **Tradeshaw Access Programme (TAP)**, the successor to the SESA scheme, provides grant assistance to small- and medium-sized enterprises (SMEs) seeking to enter overseas markets through trade fair participation. TAP supports eligible businesses taking part either in UK groups or on their own at overseas fairs. The target customers are businesses new-to-export or, in the case of fairs in China and India, new-to-market.

- Sectoral overseas missions and seminars, which were formerly a part of the SESA scheme, will be co-ordinated by UK Trade & Investment's International Sector Group and reflect priorities in the sector strategies.
- **New Products from Britain** is an international press release service, designed to obtain editorial coverage in the overseas trade press for new and innovative British products, processes and services.
- **Market Visit Support** is a new facility available to International Trade Advisers in the English regions and their counterparts in the devolved administrations, that provides assistance to new and inexperienced SMEs visiting overseas markets either individually, or as part of an organised multi sector group.
- **Inward missions.** These are organised on an ad hoc basis through UK Trade & Investment's International Sectors Group, where an inward mission will contribute effectively to developing the competitiveness of UK companies in that sector.

Inward investment services

8 UK Trade & Investment's Inward Investment Group is the UK's national inward investment promotion group. Its functions include the following:

- **marketing the UK** generally as a prime location for inward investment,
- **leading and guiding** the UK inward investment network (Regional Development Agencies and the Development Agencies and Trade Promotion Organisations in the devolved administrations) in hunting for investment as well as assisting individual companies. Systematically **collecting and deploying investor views** in order to lobby in favour of investment-friendly policies.

9 Inward Investment Group has a range of services including:

- **The Global Entrepreneurs Programme** – designed to attract individuals to the UK who possess intellectual property of exceptional potential and/or entrepreneurial management talent. The programme includes:
 - **the appointment of a “Dealmaker”** to act as a guide, to introduce key contacts within the business and sector networks,
 - **facilitated access** to the UK through the Highly Skilled Migrant or Innovators Entry Programmes,
 - **access to potential Research and Development Grants,**
 - **exploratory visits to the UK,** and
 - **practical guidance** on setting up business in the UK and introductions to key contacts for specific advice.
- **Global Partnerships Service** – a “matchmaker programme” for foreign companies, especially in emerging sectors, designed to assist in finding UK partner organisations for the further development of innovative technology.

10 UK Trade & Investment's inward investment services are delivered via market-based staff and the www.ukinvest.gov.uk website.



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