

**Minutes of the 173<sup>rd</sup> Meeting of the Board of InterTradeIreland, the Trade and Business Development Body.**

**Tuesday 25<sup>th</sup> April 2017 – InterTradeIreland (12.30pm – 14.20 pm)**

Present:

Board Members:

Mr Ken Nelson	Chairman
Mr Paul O’Sullivan	Vice Chair
Mr Micheál Briody	
Mr Timothy Cairns	
Mr Terry Crossan	
Ms Rosemary Delaney	
Ms Ann Rudden	
Prof Terri Scott	
Ms Joanne Spain	
Mr James Spratt	

In Attendance:

Executive:

Mr Thomas Hunter McGowan	CEO
Mr Aidan Gough	Director of Policy and Strategy
Ms Margaret Hearty	Director of Programmes and Business Services
Mr Laurence Lord	Director of Corporate Services
Ms Orla McGlennon	Board Secretary

### 173.1 Apologies

Apologies were received from Mr Paul Greenfield and Mr Patrick Joy.

### 173.2 Opening Remarks

The Chairman welcomed all Board members to the meeting. On behalf of the Board he expressed their condolences to Mr Paul O’Sullivan on the recent death of his brother. He advised that this would be Ms Spain’s last Board meeting as she was resigning from the InterTradeIreland Board due to the demands of her developing career as an author. The Chairman thanked her for the valuable contribution she had made to InterTradeIreland for over five years and on behalf of the Board wished her well for the future.

### 173.3 Conflict of Interest

The Chairman asked members to declare any conflicts of interest relating to today's agenda. The Chairman declared a potential conflict of interest arising from his position as CEO of LEDCOM, which is a member organisation of Enterprise Northern Ireland and is involved in the delivery of the Co-Innovate programme.

No other conflicts were declared.

### 173.4 Authorisation of the 28<sup>th</sup> March 2017 Board Minutes

The minutes of the 28<sup>th</sup> March 2017 Board meeting were agreed as a true record of the meeting, approved by the Board and authorised by the Chairman.

### 173.5 Matters Arising

The Chairman advised that the draft itinerary for the 30<sup>th</sup> May meeting in Belfast had been circulated to Board members and it was noted that all were content with the proposed programme. The event will be held in the Innovation Factory, Belfast. The Board Secretary outlined the agenda for the day.

Mr Lord advised that the Audit and Risk Assurance Committee would review the Body's revised policy on the Acceptance of Outside Appointments which had been amended to reflect the advice from the Sponsoring Departments regarding the acceptance of outside appointments by InterTradeIreland employees on leaving office.

The Chairman reported on the visit by the Secretary of State on 29<sup>th</sup> March 2017 which he had hosted along with the CEO and members of the Senior Leadership team. Two of our client companies, Regen Waste and Viltra also attended and made presentations to the Secretary of State. A presentation was given on our Brexit activities and plans. The Chairman informed the Board that as requested at the last Board meeting he had written to the Secretary of State and the Permanent Secretary outlining the Board's position regarding budgets and the ability of the organisation to deliver its remit. The potential of securing support for additional Brexit activities had also been highlighted.

### 173.6 Chairman's Business

The Chairman advised that he and the CEO had recently attended an Inter-Agency meeting with the Chairs and CEOs of Enterprise Ireland, Invest Northern Ireland, the Secretary General of the Department of Enterprise, Jobs and Innovation (DJEI) and the Permanent Secretary of Department of the Economy. The meeting was chaired by Dr Orlaigh Quinn, Secretary General, Department of Jobs Enterprise and Innovation, who had highlighted the issue of InterTradeIreland's budgetary reductions to the Permanent Secretary.

The Chairman informed the Board that he had met with Derek McCallan, CEO of the Northern Ireland Local Government Association (NILGA) and although there was no opportunity for InterTradeIreland to sponsor the NILGA annual conference, Mr McCallan had advised that he would still welcome the presence of the Chairman and Senior Leadership team at the event.

The Chairman advised that he would be attending the CBI Northern Ireland Annual Dinner on behalf of the Board as a guest of Kernel Capital later in the week.

### 173.7 CEO Report

The CEO reported that as a result of the visit by the Secretary of State, Mr James Brokenshire on 29<sup>th</sup> March, InterTradeIreland had received extensive media coverage. A broad ranging discussion took place following the Brexit presentation and he had the opportunity to seek further funding to assist SMEs prepare for new trading relationships that emerge from Brexit negotiations.

The CEO advised that Minister Mary Mitchell O'Connor visited InterTradeIreland offices on Friday 31<sup>st</sup> March. Two companies gave excellent presentations on their experience of participating on an Acumen and Fusion programme. As a result of the visit, Minister O'Connor now has a greater understanding of the work of InterTradeIreland. The potential of additional funding from DJEI to the Body next year was also raised.

The CEO informed the Board that he had met with Sammy Wilson MP and Margaret Ritchie MP to update them on our activities and the supports we offer.

A meeting was also held with the Strategic Banking Corporation of Ireland and Bord Bia to discuss areas of collaboration around Brexit and the Funding for Growth programme. The CEO advised that he and Mr Grant Gilmore had attended a meeting with the CEO and Economic Development team at Lisburn and Castlereagh City Council to explore further collaboration including future Go-2-Tender initiatives.

The Board noted the CEO's report and the Chairman thanked Mr Hunter McGowan for his update.

### 173.08 Board Sub Committee Reports

#### *Innovation Sub Committee Report*

Prof Scott reported back from the Innovation Sub Committee meeting held on 28<sup>th</sup> March 2017. The Committee considered thirteen new applications. Ten projects were approved, one project was deferred for further information and two projects were rejected.

The Board noted the decisions of the Innovation Sub Committee and the Chairman thanked Prof Scott for her update.

#### *Trade Sub Committee Report*

Ms Delaney reported back from the Trade Sub Committee meeting held on 28<sup>th</sup> March 2017. She advised that the Committee considered thirteen Acumen applications. Nine projects were approved, two projects were deferred - One application was referred to the Elevate programme and one project was rejected on grounds of potential displacement.

Ms Delaney informed the Board there were some interesting applications from food sector companies, specifically gluten free and additive free products.

The Chairman thanked Ms Delaney for her report.

### *Funding for Growth Programme*

Ms Gráinne Lennon, Operations Manager and Mr Gary Stokes, Deputy Operations Manager joined the Board meeting for this agenda item.

Ms Hearty introduced the findings of the pilot Funding for Growth programme evaluation. She advised that the InterTradeIreland research report – ‘*Access to Finance for Growth for SMEs on the island of Ireland*’ in 2013 had highlighted an over reliance on short term funding sources and a lack of awareness of alternative/non-bank funding sources for business on the island. As a result, the team had introduced a pilot Funding for Growth programme which was launched in February 2015 and was delivered until December 2016.

Ms Lennon reported that the programme (following a competitive tender process) was delivered by Grant Thornton with the InterTradeIreland Funding for Growth team and involved:

- 4 large Meet the Funder events;
- 23 Regional Workshops; and
- 40 Advisory Clinics

Ms Lennon advised that an independent evaluation of the Funding for Growth programme detailed the following programme outcomes and impacts:

- The programme has successfully raised awareness of existing and emerging sources of different sources of finance and 82% are now aware of new and alternative sources of funding that they were not previously aware of (including 67% of professional advisors);
- Two thirds of funders reported attendance at Meet the Funder and regional workshops had led to an increase in demand for their finance offerings; and
- 96% attendees reported on their satisfaction with the advisory clinics and one to one advice received.

Mr Stokes reported that some level of dissatisfaction with clinic advisors indicated the need to manage expectations going forward which would include an increased level of pre-screening and the importance of ensuring information is received on a timely basis.

Main recommendations from the evaluation included:

- Given the positive feedback and level of demand for the programme, a further phase was recommended;
- Need to further develop a funders section of the website;
- Need to ensure appropriate geographic spread for regional workshops;
- Less focus on bank finance and a greater emphasis on non-bank finance;
- Increase networking opportunities and
- More targeted recruitment of SMEs for both clinics and workshops.

Ms Lennon advised that the Funding for Growth Steering Committee met on 7<sup>th</sup> March 2017 to review the findings of the evaluation and approved the recommendations detailed in the report and endorsed the rolling out of a further two-year phase of the programme.

The Board discussed the proposed continuation of the programme. The importance of avoiding duplication with other agencies was highlighted. Ms Lennon advised that the initiative is overseen by a Steering Committee which includes representatives from Invest NI and Enterprise Ireland to avoid any potential duplication. The need for the Executive to better target companies for events and the importance of screening registrations for the various events was highlighted. Ms Lennon noted that this was planned for the new phase of the programme. Mr O'Sullivan reported that the evaluation reported that 82% of businesses were in agreement that attendance at the event/workshop had made them aware of potential funding options that they were previously not aware of whilst 67% of professional advisors agreed. This would indicate a real need for the initiative. The Board discussed the findings and it was agreed that more detail should be provided on the way any future programme would be rolled out and how its success would be measured.

The Chairman thanked Ms Lennon and Mr Stokes for their presentation.

#### *Operations Directorate Progress and Activity Report*

Ms Hearty presented the Operations Directorate Progress and Activity Report. She informed the Board that at the end of Q1 2017, all programme budgets and targets are on track with a very healthy pipeline for all programmes. The Fusion programme is still in demand and it is hoped to divert some companies to the Co-Innovate programme when it commences. The demand for our programmes is due to increase as a result of Brexit. She advised that later in the meeting, the Executive would be seeking a variation to the contract for the Acumen Managing Agent, to extend their contract to the end of December 2017 due to the uncertainty regarding securing appropriate approval for the next phase of the initiative. She advised that an economic appraisal for the next phase of the Acumen programme and an independent evaluation of the previous programme is nearing completion and will be included in the papers for consideration at the next Board meeting.

Ms Hearty reported on a very positive meeting with Irish Water to outline our range of Public Tendering supports and how they could be utilised through their supplier engagement activity. She advised that the Body has continued to attend a range of outreach events. Brexit information will be incorporated into all InterTradeIreland external facing events.

The Chairman thanked Ms Hearty for her report.

#### *Governance and Financial Matters*

Mr Lord presented the Governance and Financial Matters report. He asked the Board to note that the Body's overall funding situation for 2017 remains unresolved. He informed the Board that he would keep them updated.

Mr Lord thanked Ms Spain on behalf of himself, the CEO and Ms Quinn, the Finance Manager, for her valuable service to the Audit and Risk Assurance Committee over the years. He welcomed Mr Crossan as the new Chair of the Audit and Risk Assurance Committee.

The Chairman thanked Mr Lord for his report.

#### *Tenders and Variations to Letters of Offer/Appointment*

Mr Lord advised that as discussed earlier in the meeting, there was one request to vary a letter of offer. Following a competitive tendering process, a Managing Agents for the Acumen programme was appointed on 1<sup>st</sup> July 2013 for a two-year period, with the option to extend for an additional two-year period. Following a review and satisfactory delivery of the contract to June 30<sup>th</sup> 2015, the contract period was extended for an additional two years to complete on 30<sup>th</sup> June 2017. During 2016, a mid-term review of the contractor's performance was undertaken and subsequently an economic appraisal for the next phase commenced following a competitive tender process. This Economic Appraisal is currently being finalised.

InterTradeIreland anticipate that upon completion of the Economic Appraisal there will be a delay in seeking approval for the next phase of the programme due to the absence of a Northern Ireland Executive following the March 2017 elections. As a result, the approval process for the economic appraisal will take longer than anticipated and will result in no procurement exercise being undertaken prior to completion of the current contract on 30 June 2017.

As the Acumen Programme is included within the InterTradeIreland Business Plan and a budget has been allocated to the recruitment of companies to participate, InterTradeIreland is seeking a variation to the current contract to extend the recruitment and management of companies under the contract to 31 December 2017.

Work will continue during this period to seek and obtain the necessary approvals for Phase 5 and the subsequent tendering process for the delivery of future services. The proposed variation to contract has been submitted and approved by CPD. The Board approved this request.

#### *Communications Update*

Mr Lord presented the Communication Update. He reported on the extensive media coverage on the launch of the Seedcorn competition and Brexit activities. All metrics are currently on target with the exception of the InterTradeIreland website visitors.

The Chairman thanked Mr Lord for his update.

#### *Horizon 2020 Update*

Ms Carrie Small joined the Board meeting for this agenda item.

Mr Gough advised that Horizon 2020 is the European Union's (EU) Research and Innovation Programme that runs from 2014 to 2020. Horizon 2020 is a strategic priority for both Governments and they have set ambitious targets for drawing down of funds. He reported that in 2010, Máire Geoghegan-Quinn, European Commissioner for Research and Innovation was invited to attend an NSMC meeting at which both governments agreed to take a more cooperative approach to participation in Horizon 2020. InterTradeIreland convened and chairs the All Island Steering Group for Horizon 2020 comprising of members of various government departments, North and South and

support networks from Ireland and Northern Ireland. The main benefits include the exchange of information, contacts and knowledge. The Steering Group agreed the InterTradeIreland Strategic Action Plan for Horizon 2020 with activities designed and aimed at achieving a target to drawdown €175m in North South collaborative projects from Horizon 2020. The total drawdown to date for collaborative North South projects for Horizon 2020 is valued at €63.5m which is distributed among 50 successful projects. This compares to 33 successful projects worth €23.3m for the same period in FP7. Mr Gough reported that the latest North South Horizon 2020 statistics as at October 2016 show the following results:

- 314 North South Applications;
- Success Rate – 15.92% (50 projects) and
- Economic Value of Collaboration - €63.5m (€28.5m to N.I. and €34.9 to Ireland)

Mr Gough informed the Board that the Executive recommend the suspension of a particular activity in the Competitive Partnership Programme (CPP) due to unforeseen challenges around the inability of capturing data on applicants and their details that are impeding the effectiveness of the CPP. The Board discussed the programme and approved the roll-out of the Horizon 2020 Travel Scheme for 2 years at a total cost of £25,000 (including VAT). The Board also noted the suspension of the Competitive Partnership Programme.

Mr O’Sullivan requested that an earlier paper to Board members on Horizon 2020 be circulated to Board members for information.

The Chairman thanked Mr Gough and Ms Small for their update.

#### *Co-Innovate Programme Update*

Mr Neil Ryan, Co-Innovate Programme Director joined the Board meeting for this agenda item.

Mr Ryan informed the Board that all Co-Innovate permission to start documents and information have been uploaded to the SEUPB eMS system. The closing date for applications for the Co-Innovate Programme Innovation Expert was 24<sup>th</sup> April 2017. All other staff have now commenced. The Procurement of company recruiters and sectoral innovation speakers has been completed. The tender for the Management Information System is due to close on 19<sup>th</sup> May 2017. Four remaining tenders are currently being drafted and discussed with the Central Procurement Directorate.

Mr Ryan reported that a Ready Reckoner, a Business Status Review and an Innovation Audit are under final draft review.

The Co-Innovate staff and partners are undertaking SEUPB training on various topics in the coming months. Mr Ryan advised that work is underway with the Co-Innovate website. Launch dates for the programme have still to be finalised.

The Board noted the Co-Innovate programme report and the Chairman thanked Mr Ryan for his update.

## *Brexit and Budgetary Issues Discussion*

Ms Kerry Curran, Policy Research Manager joined the Board meeting for this agenda item.

Mr Gough provided an overview of the research conducted by ESRI on behalf of InterTradeIreland. He advised the Board that the research was supported by a Steering Group comprising representatives from both Departments. The research provides information on current trading patterns – North/South and East/West. Information is then provided on how overall trade flows may be impacted by a WTO trade regime, non-tariff barriers and exchange rate movement. The research is based on 2016 Central Statistics Office trade data.

The research shows that products with the highest tariffs are in the food, clothes and tobacco sectors. This has a particular impact on cross border trade flows as 37.4% of the trade from Ireland to Northern Ireland is in the food sector (primarily beef) and 49.6% of the trade from Northern Ireland to Ireland is in the food sector (primarily dairy). Mr Gough noted however that the research shows that 81% of Ireland to Northern Ireland products have a tariff of less than 10% and that 85% of Northern Ireland products have a tariff of less than 10%. However, 12% of the trade between Ireland and Northern Ireland and 19% of the trade between Northern Ireland and Ireland attract tariffs of greater than 35%. The study shows an impact of tariffs potentially reducing cross border trade by 9%. Considering non-tariff barriers which include quotas, technical requirements and custom inspections, the study suggests that cross border trade (WTO plus non-tariff barriers) could potentially reduce by 16%. Exchange rate reduction of a further 10% would reduce cross border trade by 17% (inclusive of WTO plus non-tariff barriers).

Mr Gough highlighted the importance of this research to policy makers and also to businesses in their preparation of plans for Brexit; noting that the research reveals the potential significance of non-tariff barriers which in many cases will double the impact of tariffs. The Board discussed the research and agreed on the significant contribution it will make to both policy makers and businesses on the island. Mr Hunter McGowan thanked Ms Curran for her valuable input to this research. Mr Gough advised that additional resources would be required in order to ensure InterTradeIreland fulfils its role on Brexit. The Board noted that a searchable database for tariffs would be invaluable to business on the island. The next stage will involve the launch of the Brexit Advisory Service. The Board stressed the importance of communications in various forms.

The Board had a lengthy discussion on the budgetary uncertainty faced by the Body. They recognised that existing commitments and the necessity to maintain the momentum of programmes, present a significant financial risk to the Body against a background of reducing budgets. The Board asked that the Executive consider possible future budgetary scenarios.

The Board commended the team for their work in this area.

The Chairman thanked the Executive for their work in this area.



173.09 AOB

The Chairman, on behalf of the Board wished Ms Spain all the best for the future.

.....Authorised by:

Mr Ken Nelson  
Chairman, InterTradeIreland  
30<sup>th</sup> May 2017