

**Minutes of the 174<sup>th</sup> Meeting of the Board of InterTradeIreland, the Trade and Business Development Body.**

**Tuesday 30<sup>th</sup> May 2017 – InterTradeIreland (12.30pm – 14.30 pm)**

Present:

Board Members:

Mr Ken Nelson	Chairman
Mr Micheál Briody	
Mr Terry Crossan	
Mr Patrick Joy	
Ms Ann Rudden	
Prof Terri Scott	
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

#### 174.1 Apologies

Apologies were received from Mr Paul O’Sullivan, Mr Timothy Cairns, Ms Rosemary Delaney and Mr Paul Greenfield.

#### 174.2 Opening Remarks

The Chairman welcomed all Board members to the meeting.

#### 174.3 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.

#### 174.4 Authorisation of the 25<sup>th</sup> April 2017 Board Minutes

The minutes of the 25<sup>th</sup> April 2017 Board meeting were agreed as a true record of the meeting, approved by the Board and authorised by the Chairman.

#### 174.5 Matters Arising

##### *InterTradeIreland Funding Advisory Programme for Established SMEs*

Ms Gráinne Lennon, Operations Manager, joined the Board meeting for this agenda item. Mr Joy reported that the Funding for Growth Steering Committee had reviewed the findings of the Funding for Growth programme evaluation. The Committee approved the recommendations detailed in the report and endorsed the roll out of a further two-year phase of the programme.

Ms Lennon advised that at the last Board meeting, members requested additional information on how the proposed programme would be rolled out and monitored. The Executive have had discussions with the both the British Business Bank (BBB) and the Strategic Banking Corporation of Ireland (SBCI). The remit of both government funded organisations is to provide finance for SMEs where market failure exists. Ms Lennon outlined the business case for the programme. She reported that the recent SME Market report (carried out by the Central Bank of Ireland) demonstrated that the SME lending market is still highly concentrated with the combined market share of the three pillar banks being 93%. The report also highlighted that SME interest rates in Ireland are higher than euro area counterparts. The ECB/EC Survey on the Access to Finance of Enterprises (SAFE) shows that whilst credit access concerns are declining in the euro regions, they have remained more stable in Ireland. The latest survey indicates that loan and overdraft applications are considerably lower here than the euro region averages and there is a higher level of discouraged borrowers compared to the EA1 region. Ms Lennon advised that a recent EIB Group survey highlighted that by comparison with the wider EU, a relatively high share of firms (13%) face external finance constraints. In the UK, the British Business Bank – Small Business Finance Markets report 2015/2016 highlighted that although the awareness of funding options among SMEs has risen, over half of the smaller businesses go to their main bank after identifying a finance need. Ms Lennon reported that SMEs, particularly smaller owner-managed businesses, lack available time and resources to navigate the funding landscape.

Ms Lennon advised that this recent data demonstrates the ongoing market need for an education and awareness programme to encourage SMEs to consider all sources of funding, particularly non-bank funding and to build their capability to identify the most appropriate source of finance to grow their business. Following meetings with the SBCI, they have agreed to contribute up to €10,000 annually towards the cost of rolling out the workshops (€1,000 per workshop). In addition, they will use their network of contacts and advisors regionally to target appropriate companies.

Ms Lennon outlined the proposed programme which will include delivering up to 12 regional workshops and working with up to 20 pre-screened companies per annum (14 from ROI and 6 from N.I.) to build their capacity to secure growth finance.

Ms Lennon detailed how the future programme would be rolled out and how its success would be measured:

- A minimum of 710 SMEs with growth potential, attending 24 regional workshops over two years.
- A minimum of 40 SMEs attending one to one advisory clinics over two years.
- The advisory community (local accountants, business consultants), at a local and regional level will also benefit from attending the workshops which will leave them in a more informed position to advise clients.
- InterTradeIreland will develop company case studies that will be published and circulated through the InterTradeIreland website and other media to inform a much wider base of companies and advisors.
- InterTradeIreland will forge a strategic and positive working relationship with the SCBI and BBB.
- All attendees at workshops including companies and advisors will be surveyed afterwards.
- All attendees at advisory clinics will be surveyed to gauge levels of funding secured up to 6 months after attendance.

The Board discussed the proposed programme and the significant work that had been undertaken since the last Board meeting. Mr Briody commended Ms Lennon on the update. Ms Lennon advised that the roll-out programme would be restricted to companies with an established turnover threshold.

The Board approved the request to go to competitive tender for a service provider for the Funding Advisory Programme for Established SMEs for 2 years.

#### 174.6 Chairman's Business

The Chairman advised the Board that the North South Ministerial Council had received and accepted Ms Spain's resignation from the InterTradeIreland Board. He reported that he had written a letter to Ms Spain, on behalf of the Board, thanking her for her valuable contribution to the Body for over five years.

The Chairman informed the Board that he had recently attended the CBI Northern Ireland Annual Dinner on behalf of the Board as a guest of Kernel Capital. He advised that he had a very worthwhile meeting with David Dobbin (a former InterTradeIreland Chairman) who sent his best wishes to Board members and staff.

With regard to the planned Stakeholder and Networking event due to be held in June 2017, the Chairman advised that the CEO and Senior Leadership Team recommended holding the event in the Autumn to coincide with some Brexit activities. Venues for consideration are to include the Belfast City Hall and the Long Gallery in Parliament Buildings, Stormont. It was agreed that the

Senior Leadership Team would bring forward proposals for these events to the next Board meeting. Board members confirmed that they were content with this approach.

#### 174.7 CEO Report

The CEO reported that he had met with Ms Mary Madden, the newly appointed Northern Joint Secretary of the North South Ministerial Council. The Executive had the opportunity to brief her on InterTradeIreland activities and she was very impressed with the work being carried out.

The final Master Class of the current All Island Innovation series took place in Cork with over 70 attendees. The speaker for the event was Professor Dr Ellen Enkel who is head of the Dr Manfred Bischoff Institute of Innovation Management of Airbus Group and holds the chair of innovation management at Zeppelin University in Friedrichshafen/Germany. Her lecture was on the issue of open innovation in SMEs and discussed a wide range of issues including that of absorptive capacity. This lecture series combined with masterclasses has been highly successful and is run in partnership with Queens University Belfast, University College Galway, University College Cork, and University College Dublin. The CEO advised that the Executive would be bringing a proposal for the continuation of the All Island Innovation programme to a future Board meeting.

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

#### 174.08 Board Sub Committee Reports

##### *Innovation Sub Committee Report*

Prof Scott reported back from the Innovation Sub Committee meeting held on 25<sup>th</sup> April 2017. The Committee considered two new applications and one deferred application. All three projects were approved. She advised that the Committee had considered 12 new applications at a meeting held prior to the Board meeting.

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

##### *Trade Sub Committee Report*

Mr Joy reported back from the Trade Sub Committee meeting held on 25<sup>th</sup> April 2017 at which Ms Delaney had chaired the meeting in his absence. He advised that the Committee considered 13 new applications. Nine were approved, three were deferred for further information and one was rejected. The three deferred projects had been considered at the Trade Sub Committee meeting held that morning and two were rejected and one was again deferred, pending further information.

The Chairman thanked Mr Joy for his update.

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

Ms Hearty presented the Operations Directorate Progress and Activity Report. She informed the Board that all programme budgets and targets are on track with a very healthy pipeline for all

programmes. She advised that this is an extremely busy period for outreach activity with Brexit events dominating the majority of outreach events. With the launch of the InterTradeIreland Brexit Advisory Service, applications for Brexit Readiness Vouchers and enquiries from companies seeking WTO product level tariff information are steadily increasing. Ms Hearty informed the Board that the second interviews for the recruitment of a Brexit Advisory Service Manager took place recently and a candidate has been offered and accepted the position.

The closing date for the receipt of applications to the 2017 InterTradeIreland Seedcorn Investor Readiness Competition has now passed and Ms Hearty advised that the competition had generated extensive coverage at both regional and national level. A series of six regional planning workshops are scheduled to take place in the summer months to assist short listed companies prepare for the submission of the business plan.

Ms Hearty 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. She advised that she is due to meet with Enterprise Ireland and Invest Northern Ireland to share the findings of the reports.

The Executive have agreed to partner with Irish Water as part of our supplier engagement activity. Workshops for potential suppliers will take place in ten locations across the island. This is an exclusive opportunity for potential suppliers to be briefed on framework opportunities.

The Board noted the Operations Directorate Report and the Chairman thanked Ms Hearty for her update.

### *Governance and Financial Matters*

Mr Lord presented the Governance and Financial Matters report. He advised that the 2016 audit is at the final stage. The 2016 Statutory Financial Statements have been considered and endorsed by the Audit and Risk Assurance Committee. It is anticipated the two Comptroller & Auditor Generals will certify and sign the Accounts in advance of the 30<sup>th</sup> June 2017 deadline. The Board discussed and approved the 2016 draft Financial Statements subject to two wording amendments around the 2017 – 2019 Corporate Plan.

Mr Lord updated the Board on the Body's financial outturn to 30<sup>th</sup> April 2017.

The Chairman thanked Mr Lord for his report.

### *Communications Update*

Mr Lord presented the Communications Update. He reported on the recent Brexit Advisory Service launch by Minister Mitchell O'Connor which generated significant PR coverage. He advised that following the results of the Q1 2017 Business Monitor – which were received subsequent to the papers being prepared – that brand awareness and brand understanding had increased to 72% and 63% respectively. The Board were informed that the Communications Sub Committee at their next meeting in June, would be reviewing strategy and resources including brand positioning and digital outputs. It is anticipated that the Sub Committee will also consider the proposal to upgrade the InterTradeIreland website.

The Chairman thanked Mr Lord for his update.

### *Business Monitor Results Q1 2017*

Mr Gough presented the results of the Business Monitor Q1 2017. He advised that the survey reveals evidence of an intensely competitive economic environment. Companies are taking advantage of the buoyant levels of market confidence, however this is balanced with challenges caused by rising energy, overhead, supply costs, new competitors and difficulties recruiting appropriate skills. Mr Gough advised that whilst 82% of businesses are reporting stability or growth, there has been a 50% increase over the year in the number of businesses that are struggling. Micro enterprises are finding it most difficult to compete, with 20% reporting difficult conditions compared with only 4% of businesses employing more than 50 people. The Business Monitor reveals that 98% of companies are still not making any plans for the UK's exit from the EU.

The Chairman thanked Mr Gough for his report.

### *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 and we are currently awaiting confirmation that we can officially commence. This will enable the first claim (from all partners) to be submitted which dates back to August 2016.

Mr Ryan reported that recruiter training workshops took place on 11<sup>th</sup> May with 48 attendees including representatives from the Enterprise Agencies/Offices, Scottish Enterprise, Highlands and Island Enterprise and the ROI recruitment consultants. Recruitment of SMEs has commenced within the programme and the 1<sup>st</sup> workshop is scheduled to take place in Downpatrick on 5<sup>th</sup> July followed by workshops in Sligo and Donegal. The original launch date for the Co-Innovate programme, planned for June 2017 has been postponed until September due to UK elections and is now likely to take place in early September. Mr Ryan advised that the Co-Innovate interim website is now live and promotional literature has been commissioned.

The Ready Reckoner (for capturing registration and high level innovation information) and the Business Status Review documentation has been approved by the Programme Management Committee. Mr Ryan reported that the Innovation Audit questionnaire has been finalised.

State aid for the programme is being provided via the General Block Exemption Regulation (GBER) Articles 25 and 28. The state aid rationale of the Co-Innovate programme and its individual strands has been approved by the Department for the Economy and the Scottish Government State Aid team. A response from DJEI is expected in the near future. The programme will then be registered with the EU Commission via their State Aid Notification Interactive System.

The Board were informed that the Innovation Advisor position was being re-advertised as no suitable candidate was identified in the recent recruitment exercise. The importance of advertising the position through social media was highlighted.

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

*Brexit Discussion*

Mr Gough informed the Board that the Brexit cross directorate team continue to meet on a regular basis. He advised that the InterTradeIreland Brexit Advisory Service had recently been launched by Mary Mitchell O'Connor, Minister for Jobs, Enterprise and Innovation. The service is aimed at encouraging businesses to Plan, Act and Engage, He reported that research has shown that microenterprises and small businesses are the most likely to be impacted. Various Brexit events have been held across the island and the feedback to date has been very positive. InterTradeIreland has developed a comprehensive database of all goods traded cross border on the island of Ireland and information on what the possible tariffs could be on these products. Enquiries from businesses looking for the potential tariffs on their products are increasing and there is a growing demand for the Brexit Readiness Vouchers which offers bespoke Brexit advice to businesses. Mr Gough reported that we are currently developing an interactive digital Brexit advisory resource. Press articles have been written and representatives from InterTradeIreland have been invited to speak at many Brexit events across the island. Meetings with various sponsoring Departmental officials including the Secretary General, DJEI and the Permanent Secretary of the DfE have been held to update them on our work in this area. Mr Gough advised that following feedback from the various Brexit events, a new action plan for Brexit activities is being prepared.

The Board discussed Brexit and the importance of giving up to date information and advice to companies on the island in their preparation of plans for Brexit was highlighted. Mr Gough reported that case studies were being developed which would be emailed to Board members for information. Prof Scott suggested that there should be different channels of communication of our message to the various audiences. The Board agreed that InterTradeIreland is very well placed to assist both companies and policy makers on the island to prepare for Brexit. The acknowledgement of InterTradeIreland's role by sponsoring Departments was noted. The importance of coordinating our activities with the other agencies was raised.

The Chairman thanked Mr Gough and Board members for their input.

.....Authorised by:

Mr Ken Nelson  
Chairman, InterTradeIreland  
27<sup>th</sup> June 2017

