

**Minutes of the 186<sup>th</sup> Meeting of the Board of InterTradeIreland, the Trade and Business Development Body.**

**Tuesday 28<sup>th</sup> August 2018 – InterTradeIreland (8.30 am – 10.25 pm)**

Present:

Board Members:

Mr Ken Nelson	Chairman
Mr Paul O’Sullivan	Vice Chair
Mr Micheál Briody	
Mr Paul Greenfield	
Mr Patrick Joy	
Ms Ann Rudden	
Mr James Spratt	

In Attendance:

Observer:

Ms Adrienne McGuinness	Nominated Board member
------------------------	------------------------

Executive:

Mr Aidan Gough	Designated Officer
Ms Margaret Hearty	Assistant Designated Officer
Mr Martin Agnew	Corporate Services Director
Ms Alayne Kinver	Assistant Director of Strategy and Policy
Mr Alan Morrow	Assistant Director of Programmes and Business Services
Ms Orla McGlennon	Board Secretary

#### 186.1 Apologies

Apologies were received from Mr Terry Crossan, Mr Timothy Cairns and Ms Bayliss.

#### 186.2 Opening Remarks

The Chairman welcomed all to the first breakfast Board meeting. He advised that Mr Crossan was unable to attend the meeting due to illness and asked that a note wishing him a speedy recovery be sent to him on behalf of the Board.

The Chairman thanked Mr O’Sullivan for chairing the June 2018 Board meeting in his absence.

### 186.3 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. Mr Greenfield declared a potential conflict of interest arising from his position as a member of the Peace IV Working Group and as Board member of East Border Region Ltd, which is involved in the delivery of the Co-Innovate programme. Ms Ann Rudden declared a potential conflict of interest arising from her position as founder and MD of Áine Hand Made Chocolates who are participants on the Co-Innovate programme. Mr Briody also declared a potential conflict of interest arising from his position as CEO of Silver Hill Foods who are participants on the Co-Innovate programme.

No other conflicts were declared.

### 186.4 Approval and Authorisation of the 26th June 2018 Board Minutes

The minutes of the 26<sup>th</sup> June 2018 Board meeting were agreed as a true record of the meeting and were approved by the Board and authorised by the Vice Chair.

### 186.5 Matters Arising

Mr Gough reported that all matters arising from the last Board meeting had been addressed.

### 186.6 Chairman’s Business

The Chair advised that he and the Senior Leadership team are due to meet with Mr Noel Lavery, DfE Permanent Secretary on 6<sup>th</sup> September 2018. The Board asked that an invitation be sent to the DfE Permanent Secretary and the DBEI Secretary General to attend a future Board meeting and arrangements for an Inter-Agency meeting should be pursued.

### 186.7 Designated Officer Report

Mr Gough advised that the summer has been extremely busy with enquiries continuing to rise. The Body continues to be on track to fully utilise its annual budget. There has been an increase in demand for the Brexit Start to Plan Vouchers which may in part relate to the Brexit radio campaign.

Mr Gough reported that the Body has been awarded accreditation against the Investors in People Standard. The Chairman and Board asked that their congratulations be passed on to all staff.

Mr Gough updated the Board on a recent meeting with Professor Ian Young Director of the Health and Social Care, Research and Development Northern Ireland, to discuss the progress being made between the Northern Ireland Cancer Trials Network and Cancer Trials Ireland. At the meeting Prof Young supported our facilitation of the collaboration between the island's cancer trial networks and agreed that it was completely aligned with a wider strategy for the Life and Health Sciences sector in NI.

The Board was informed that the next phase of the All Island Innovation Programme was underway. An exciting panel of world class innovation experts is confirmed as recommended by the Board in its approval of the programme. The Board had also requested greater interaction between the All Island Innovation partners, which the DCU Ryan Academy have delivered, by enlisting serial entrepreneur and scale-up expert Dr Joe Haslam to tour the island with a series of seminars on innovation and scaling-up. Mr O'Sullivan advised that the inclusion of the DCU Ryan Academy in the programme was to be welcomed and that there was a demonstrable improvement in the profile of speakers. Mr Gough advised the Board that the initiative would continue to be branded by InterTradeIreland.

The Board noted the Designated Officer's report and the Chair thanked Mr Gough for his update.

#### 186.8 For Consideration, Discussion, Decision &/or Approval

##### *Day 1 Planning for Brexit*

Ms Kinver gave a presentation on Day 1 Planning for Brexit. She advised that 'Day 1 Planning for Brexit' is the term adopted by the Public Sector in Northern Ireland for a planning process to ensure the smooth operation of services regardless of the outcome of the negotiations. The Southern Departments refer to this process as a Disorderly Brexit. The Board was informed that Brexit was first included in the InterTradeIreland Risk Register in February 2015. In November 2016, a cross directorate Brexit team was established to oversee support to businesses. The first internal planning session took place in November 2017. Ms Kinver advised that assumptions used in planning are largely based on a hard Brexit. The process is very complex and resource intensive. The Sponsor Departments have consulted with the Body on this matter and want to ensure that there are no unexpected impacts following the UK's departure from the EU. The requests for information on these plans are on-going.

The Board was informed that there is regular contact with the Sponsor Departments on this matter and there is on-going review by the cross-directorate Brexit team.

The Board discussed at length the potential implications for the Body. It was agreed that Board members would be provided with a list of the key considerations of the potential impact of Brexit on the Body in the event of a hard Brexit.

The Chairman thanked Ms Kinver for her presentation.

## *Continuation of the Brexit Advisory Programme*

Mr Mark Sterritt, Brexit Manager, joined the Board meeting for this agenda item.

Ms Hearty gave the Board an overview of the Brexit Advisory Service. She advised that an independent economic appraisal including an evaluation of the Brexit Start to Plan Voucher Scheme had recently been carried out. The economic appraisal will need approval from the DfE economist, a DfE Casework Committee, DfE Permanent Secretary, DFP, DBEI and DPER.

Ms Hearty advised that the Brexit Advisory Service was launched in May 2017 as a pilot initiative to encourage and assist SMEs to identify and navigate the uncertainties caused by Brexit to their operating environment. A key feature of the service is the Start to Plan Voucher Scheme which offer businesses 100% support up to £2,000/€2,250 (inclusive of VAT) towards professional advice in relation to Brexit matters.

Mr Sterritt presented the findings of the economic appraisal and evaluation of the scheme. He advised that common areas of risk or opportunity raised by participants included the introduction of tariffs, restrictions on the movement of people on a cross-border basis and market access constraints e.g. the movement of goods or services across the border.

Mr Sterritt outlined the key performance indicators from the pilot phase and the next steps for the Brexit Advisory Service.

Mr Sterritt informed the Board that various options were considered by the appraiser and the preferred option identified a controlled implementation. The main objectives of the next phase of the programme is:

- To support 465 Start to Plan Vouchers per annum
- To support 500 'Implementation Vouchers' in total with applicants funding 50%;
- All participant businesses to report being better equipped to manage the potential impact of Brexit;
- 75% of participant businesses to have established scenarios for the potential financial implications of Brexit upon business and outline strategies as to how they will aim to mitigate the associated risks; and
- 50% of participant businesses to report that receipt of voucher support led to the introduction of new skills to their business.

Mr Sterritt reported on the resource needs going forward:

- Budget – preferred option requires an increase in budget. (programme delivery will be scaled to available budget/demand);
- People – preferred option requires an increase in staff and
- Digital – strategy to reach as many as possible digitally and vouchers are focussed on applicant specific issues to maximise value for money and legacy impact.

The Board discussed and agreed that the demand for Brexit advice could increase significantly in the future. Ms Hearty advised that the programme would be closely monitored and demand would be managed.

The Board approved the next phase of the Brexit Start to Plan Voucher Scheme as identified as the preferred option in the economic appraisal.

The Chairman thanked Ms Hearty and Mr Sterritt for their work in this area.

### *TechIreland Proposal*

Ms Karen McCallion joined the Board meeting for this agenda item. She presented a unique proposal from TechIreland for InterTradeIreland to become a Foundation Supporter of the TechIreland innovation platform. TechIreland is a not for profit organisation which tracks the development of innovative product companies in Ireland. Innovation is showcased on an online platform and printed publications. Ms McCallion informed the Board that TechIreland are proposing to extend their tracking of innovation product companies both indigenous and multinational to include Northern Ireland. She advised that InterTradeIreland has the unique opportunity to direct this process as a Foundation Supporter and have privileged access to the platform. Fellow Foundation Supporters include Enterprise Ireland and the IDA. It is envisaged that InterTradeIreland's support of the development of this platform will assist both internally and externally with:

- The development of future policies;
- The development of future programmes, networks and all-island clusters;
- Sustaining the pipelines of existing programmes;
- Mapping the R&D&I environment on the island;
- The identification of expertise;
- The publication of research; and
- The publication of statistics.

Ms McCallion outlined the expected outcomes as detailed in the Board report.

The Board discussed the TechIreland proposal and approved funding towards the cost of InterTradeIreland becoming a Foundation Supporter of the TechIreland innovation tracking platform.

## 186.9 Board Sub Committee Reports

### *Innovation Sub Committee Report*

Mr O'Sullivan reported back from the Innovation Sub Committee meeting held on 26<sup>th</sup> June 2018. Three new Fusion applications were considered. Two projects were approved and one project was deferred pending further information, which was subsequently approved. He advised that the Sub Committee had discussed and will consider second applications from previous Fusion companies on a case by case basis.

The Board noted the Innovation Sub-Committee report and the Chair thanked Mr O'Sullivan for his update.

### *Trade Sub-Committee Report*

Mr Joy reported back from the Trade Sub-Committee meeting held on 26<sup>th</sup> June 2018. He advised that the Committee considered seventeen new Acumen applications (eight from N.I. and nine from Ireland. Eleven applications were approved, four were deferred, (all from Leinster) one was rejected and one withdrawn by INI.

The Board noted the Trade Sub-Committee report and the Chair thanked Mr Joy for his update.

### 186.10 For Consideration, Discussion, Decision &/or Approval

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

Mr Morrow presented the Operations Directorate Progress and Activity report. He advised that to date, programme budgets and targets are largely on track. There have been a number of recent personnel changes. The Chairman commented on the various staff movements. Mr Gough advised that staff welcomed and appreciated the opportunity to broaden their experience and develop new skills.

The Challenge programme is currently being strongly promoted through a print and social media campaign as workshops are scheduled for September in Dublin and November in Belfast.

Mr Morrow advised that Mr Shane O’Hanlon has been appointed as the Operations Manager for the Funding for Growth programme. The closing date for the Seedcorn business plan submission is Friday 31<sup>st</sup> August. The Board were asked to note that the All Island Seedcorn Final Awards Ceremony will take place in Belfast on Thursday 22<sup>nd</sup> November 2018.

The Board noted the Operations Directorate Progress and Activity reports and the Chair thanked Mr Morrow for his report.

#### *Governance and Financial Matters*

Mr Agnew presented the Governance and Financial Matters report. He advised that the 2017 financial statements have been certified by the C&AG in both jurisdictions. The Report to Those Charged with Governance will be considered by the Audit and Risk Assurance Committee at its next meeting. No internal control issues were identified during the audit.

Mr Agnew advised that the internal auditors had recently conducted two audits, the first being a review of the effectiveness of procedures and controls operating over Human Resources

The Board was informed that an internal cross directorate GDPR working group continue to meet regularly to discuss issues arising from the implementation of the new regulations. A GDPR e-learning module will be issued to all staff and Board members in October 2018 to provide further training on the regulations.

Mr Agnew advised that expenditure to date is largely on track.

The Board noted the Governance and Financial Matters report and the Chair thanked Mr Agnew for his report.

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

Mr Agnew sought Board approval to go to competitive tender for the services of suitably qualified consultants or organisations with exceptional calibre and industry recognised subject matter expert status in the following categories:

- Supply chain / logistics;
- Customs documentation;
- People and legal requirements for cross border workers;
- Commercial contract law; and
- Data / Service Sectors and the right to undertake cross border public and private sector contracts

Mr Agnew advised that this is for the purposes of developing content for the digital version of the Brexit Advisory Service to ensure the information is accurate, reliable and fit for purpose for use by SMEs across the island of Ireland. The content may differ for the different jurisdictions to recognise respective legal frameworks applying e.g. Customs documentation etc. It is anticipated that several experts will need to be contracted given the range of topics to be covered.

The Board approved Mr Agnew's request to go to competitive tender for the services of suitably qualified organisations to develop the content of the digital version of the Brexit Advisory Service.

### *Communications Update*

Mr Agnew presented the Communications update. He advised that the results of the latest Business Monitor had generated extensive coverage.

A new look e-zine was released in July. Mr Agnew reported that as a result, the open reach had increased significantly. The Elevate programme was promoted in the e-zine which generated a lot of enquiries for the team.

The new InterTradeIreland website went live in July and to date it has been well received by end users. The Co-Innovate website went live on 13<sup>th</sup> August with further development on the recruitment section to be completed by the end of August.

Mr Agnew updated the Board on the recent tender competitions for Advertising and Design and Events Management and PR for the Body.

The Board noted the Communications update and the Chair thanked Mr Agnew for his report.

*Export Participation and Performance of Firms on the Island of Ireland Research Report*

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

Ms Curran advised that the ‘Export Participation and Performance of Firms on the Island of Ireland’ research report is due to be launched by Minister Breen on 5<sup>th</sup> September in the InterTradeIreland offices. This is third in a series of Brexit related research with a further report on the Shock Absorption Capacity of Firms in Ireland and Northern Ireland currently underway.

She informed the Board that the report examines participation in exporting, export performance and determinants of export destinations for firms across the island of Ireland. Ms Curran outlined the key findings from the report in relation to exporters, small firms and the cross border aspect of trade.

With regard to exporting firms, the research found that exporting firms have systematically better outcomes than non-exporters across a range of key economic indicators including productivity, employment levels and turnover. For NI exporting goods firms Ms Curran noted a 20% higher productivity level, 1.7 times higher turnover and double the employment of firms selling only in their local market. The value of only exporting in the cross-border market was also highlighted, with the same NI goods firms for example achieving a 9% increase in productivity for exporting into the opposite jurisdiction. The evidence showed Irish firms are more export orientated than NI firms, with only 15% of the goods produced in NI being exported outside of the UK versus 48% of exports for Ireland.

The data in the report showed that micro and small firms play a significant role in cross-border trade and that the probability of becoming an exporter increases exponentially with firm size for goods firms. The research also suggests that cross border trade can be an important stepping stone to broader export participation, reflecting findings from previous InterTradeIreland research.

In relation to cross-border trade, the research found that cross border trade has features closer to local trade than to international export activity, suggesting that many firms regard the island as their local market and functional economy.

Ms Curran informed the Board that the research report highlights the valuable role that the cross border market plays for both small businesses and the overall economies in both jurisdictions and underpins the inherent value of the Body’s activity. The report adds considerably to our understanding of the role exporting plays in supporting increased productivity, turnover and employment. Ms Curran advised that in the event of barriers to market access being created post Brexit, this research suggests that the impacts of any changes are liable to be felt more intensely by small firms trading across the border.

The Board discussed the report and agreed that it validates the work of InterTradeIreland.

The Board noted the ‘Export Participation and Performance of Firms on the Island of Ireland’ research report and the Chairman thanked Ms Curran for her comprehensive presentation.



## *All Island Business Monitor Results Q2 2018*

Ms Curran presented the findings of the Q2 All Island Business Monitor survey. She advised that the results show a mixed picture for firms with increased numbers of businesses across the island experiencing strong levels of growth in the quarter and more companies also experiencing decline. The survey shows that the majority of firms across the island are either stable (43%) or in growth (46%) with 11% in decline. This contrasts with just 5% of firms in decline last quarter. There is a definite move from stability dominating the business position in Q1, with 43% of businesses reporting stability in Q2 compared to 66% last quarter. Ms Curran reported that the survey shows that rising overhead costs, rising energy costs, new competitors, cash flow and recruiting new skills are the major concerns for firms across the island.

Ms Curran reported that responses regarding growth and decline were not consistent across sectors. The construction sector continues to show signs of difficulties reporting a decline across a range of metrics. The retail sector reported the largest increase of companies in decline. Just as the growth and decline figures are not universal, there are differences in the issues the various sectors face. In the construction sector, overhead costs are of particular concern and for the leisure sector, rising energy costs have been highlighted as a particular area of concern,

The survey results reveal that smaller businesses are less likely to be growing than larger firms and are most likely to be in decline. Ms Curran advised that this highlights the need for support and interventions for smaller companies, where much of InterTradeIreland's efforts continue to be focused.

While the Brexit date draws closer, the uncertainty that prevails continues to impact on business decision making with 24% of companies surveyed saying they are deferring on making any investment plans, while 30% predict negative sales impact. The number of companies who have a Brexit plan in place has risen from 4% in Q1 2018 to 20% of firms anticipating having a plan ready for March 2019.

The Chairman thanked Ms Curran for her presentation and her work in this area.

### *Co-Innovate Programme Update*

Mr Neil Ryan, Co-Innovate Director joined the Board meeting for this agenda item. He gave an update on the five strands of the Co-Innovate Programme:

The Chairman informed the Board that at the last Interreg Va monitoring committee, the Co-Innovate project was viewed very positively by SEUPB.

Mr Ryan advised that SEUPB has indicated that additional funding for the Co-Innovate programme may be available. The Co-Innovate partners are currently reviewing this opportunity and may submit a proposal if appropriate.

The Board noted the Co-Innovate programme update and the Chairman thanked Mr Ryan for his work in this area.

*Business Plan Budget Variance and Milestone Exception Report*

Ms Kinver presented the Business Plan Commentary Report and advised that minor issues relate to timing issues and will be addressed in the coming months.

The Board noted the Business Plan Budget Variance and Milestone Exception Report.

.....Authorised by:

Mr Ken Nelson  
Chairman, InterTradeIreland  
25<sup>th</sup> September 2018