

# **Northern Ireland Government Response to the First MATRIX Report**

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**November 2009**

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## INTRODUCTION

Northern Ireland has an economic legacy and inheritance which has traditionally been based on world leadership in the development and exploitation of materials, manufacturing and engineering, and aerospace technologies. In the past, we have been adept at keeping ahead of new technological developments and have often benefited from the convergence of traditional industries with new scientific advances.

However, today, in an increasingly competitive global marketplace, Northern Ireland faces a real challenge to build further on this tradition and to make better use of the skills, talent and knowledge that permeate all sectors of the economy.

Recognising this, the Department of Enterprise, Trade and Investment (DETI) formed MATRIX, the Northern Ireland Science Industry Panel, to provide expert advice to Government on how best to develop a knowledge economy equipped to compete in the first quarter of the 21st century.

MATRIX' first report, in late 2008, was the result of the largest collaborative exercise involving high-technology industry leaders and academic experts ever assembled in Northern Ireland. It put forward a challenging and ambitious plan of action to position Northern Ireland among the most successful high-technology economies, with plans over timelines of two, five and 10 years.

This formal Government Response paper - which has been agreed by Ministers across the Northern Ireland Executive - now represents a coordinated and joined-up action plan which will ensure that the Government strand of the MATRIX work will be taken forward in the most effective way.

## MATRIX RECOMMENDATIONS & CHALLENGE

The overarching MATRIX recommendation is its call for the creation of cross-sectoral and cross-disciplinary Industry-led Innovation Communities (IICs). These communities, which aim to exploit clearly identified emerging market opportunities, have been the main focus on which Government has concentrated its thinking and the main area on which its implementation efforts will be targeted.

The plan to develop such Innovation Communities is timely. A modern economic strategy for a region like ours needs to increasingly build on collaborative business-led activities and networks, actively supported by Government

and academia. We, in Northern Ireland, must become more conscious that the true competition we face is outside of our own small region. Thus, it makes sense for us to combine our strengths and capabilities, guided by business leadership, in new and complementary ways, if we are to secure our share of global market opportunities.

This enhanced focus on collaborative networks represents an important strategic shift in our thinking. It requires that we take steps to move towards an economic model which routinely encourages and rewards our companies, universities, FE colleges, and other institutions for working together in more sustained and lasting partnership arrangements.

## DEVELOPING SUPPORT FOR INDUSTRY-LED INNOVATION COMMUNITIES

Since the publication of the first MATRIX report, DETI and Invest NI have worked closely with industry to facilitate the early-stage development of emerging Industry-led Innovation Communities. This has included facilitating the development of consortia and networks so that industry can start moving towards new market opportunities, creating new jobs and securing existing employment.

As a result, new collaborative business opportunities are now being developed in areas such as Renewable Energy; Smart Grid Technologies; Composite Technologies; and Connected Health - with others also starting to break through.

The emergence of these communities shows clearly that encouraging business leadership is no pipedream - it has already started and needs to be nurtured and encouraged.

## NEXT STAGE OF IMPLEMENTING THE GOVERNMENT STRAND

Thus, while implementation of the MATRIX Recommendations is already advanced, this formal Government Response marks a significant gearing-up of concerted and coordinated cross-Ministerial and cross-Departmental support for acting on the objectives of MATRIX in a joined-up way.

The key actions for Government to take are as follows:

### • THE ESTABLISHMENT OF A “GOVERNMENT INNOVATION GATEWAY”

Simplifying for IICs the means to access support - and making that support more tailored to the multiple and

complex needs of consortia - must be the first priority for Government action. DETI and Invest NI will work with DEL, DARD, DHSSPS, DFP, AFBI, InterTradeIreland - and other interested Departments and Agencies - to create a new "Government Innovation Gateway".

This will effectively be a "first stop shop to Government support" to help facilitate the development of the IICs, drawing together the miscellaneous strands of public support available into a single, easily navigable point of contact.

This has the potential to reduce the bureaucracy and red-tape which collaborative business ventures are perceived to face, as well as potentially reducing the layers of bureaucracy across Departments and Agencies by drawing together existing support in a more efficient and manageable way.

#### • DEVELOPING SUPPORT MECHANISMS TO IICS

DETI, DFP, Invest NI and DARD will explore fresh options for a new approach to assessing R&D and Innovation projects, including the dispersal of risk, recognising that any changes to current methodologies will clearly impact on all R&D and Innovation proposals and not just those brought forward by IICs.

In recognition of their potential to contribute to a step-change in Northern Ireland's economy, within the parameters of the IICs first-stage development programme, the potential for "fast tracking" financial support by virtue of using a 'portfolio' approach to manage the dispersal of risk will also be examined.

#### • ENHANCED ROLE FOR THE FURTHER EDUCATION SECTOR IN IICS

The Further Education Colleges - as well as DARD's College of Agriculture, Food and Rural Enterprise (CAFRE) - will be encouraged to align their support to the needs of Industry. This will support the development of the preliminary IICs phase and provide an enhanced service to the development of such communities.

Therefore, over the next two to three years, FE support to the communities will be analysed for its effectiveness for IICs and appropriate recommendations developed to improve its focus and ease of availability to smaller firms in collaborative relationships.

As a result, proposals for a new and sustained suite of FE support to companies working in the IICs will be

brought forward. An existing platform to be considered from the outset will be the support currently provided by the Manufacturing Advisory Service (MAS) in other UK regions.

#### • NEW APPROACH TO PUBLIC PROCUREMENT TO ENCOURAGE INNOVATION IN NORTHERN IRELAND INDUSTRY

It is agreed that Northern Ireland Departments have an opportunity to ensure mainstream public procurement practices can become more "innovation friendly" and that this can be achieved by making fuller use of the guidelines issued by the Office of Government Commerce and the European Commission.

It is proposed that a pre-commercial approach to public procurement will be piloted with a number of Government Departments in partnership with DETI and DFP's Central Procurement Directorate as a stimulus to the exploitation of new technologies.

This proposal is based on the MATRIX pre-commercial procurement model and will be important to the development of IICs, including identifying new market opportunities around which industry can coalesce. However, it will also be open to the wider market.

#### THE WAY FORWARD

The Government actions set out here represent the commitment of the Northern Ireland Government to the delivery of the first MATRIX Report.

The two to three year preliminary phase of the IICs will allow the MATRIX implementation process to be rigorously tested and assessed. The Government Implementation Group will monitor the effectiveness of its contribution to the delivery of MATRIX in close consultation with the MATRIX Panel. Much will be learned from this exercise and we will revisit these actions to amend and adjust our strategic approach as necessary.

This is both a challenge and an opportunity for all participants across business, Government and academia as we work together to build an economic system which prizes collaborative activity and sustainable business networks as a means to secure our share of global market opportunities.

Working together - with business leadership, Government facilitation and academic inspiration - we can build a new and vigorous regional economy which can compete with, and beat, the very best in the world.

#### **BACKGROUND NOTES**

This Government Response is the result of several months of cross-Departmental collaboration to pursue the full realisation of the MATRIX recommendations. This joined-up Government Response to MATRIX shows a true focus by all Departments in fulfilling the Programme for Government vision of a dynamic, innovative economy. An Inter-Departmental Implementation Group of senior officials was established to produce this response. This implementation group will now stay in place to oversee the next stages of delivery of the Government strand of MATRIX' report.

The group is will also take on the role of overseeing the creation of new support systems to implement the MATRIX proposals as well as unblocking impediments identified by the emerging IICs.

As well as DETI - as Chair - the other participating Departments on the group are DARD, DEL, DoE, DE, DHSSPS and DFP. Executive Agencies and delivery bodies of the relevant Departments are also represented, including Invest NI, InterTradeIreland, the Agrifood and Biosciences Institute (AFBI), the Health & Social Care R&D Office and the (DE) Schools Inspectorate.

MATRIX itself was established in February 2007 as a business-led, market-focused panel of experts to advise Government on the development of an approach which, over time, would help Northern Ireland to become an internationally leading region in terms of the economic exploitation of science, technology and R&D.

MATRIX main focus is fully aligned with the Executive's Programme for Government objective of "halving the private sector productivity gap with the UK average (excluding the Greater South East of England)", and in particular it addresses the Executive's Public Service Agreement (PSA) 1 to "Promote higher value-added activity through innovation and the commercial exploitation of R&D".

MATRIX has to date had strong support from Government and academia, but the most notable feature is that since its launch more than 60 high-tech firms have been consistently involved in the MATRIX process. As such MATRIX has become a key voice of high technology business in Northern Ireland, and it enjoys the support of many of our significant employers and business leaders.

MATRIX brought forward recommendations which are designed to help lead to a significant re-gearing of support for economic development, spearheaded by Northern Ireland's high technology and knowledge-based firms. They propose a more dynamic relationship between the key stakeholders in the economy - one that is business-led, inspired by academia and facilitated by Government.

Its practical recommendations to achieve a step change in the growth of the Northern Ireland economy through the exploitation of science, technology and R&D, are:

- to encourage and facilitate the formation and development of "Industry-led Innovation Communities" (IICs);
- for industry to create business and technology exploitation road maps within each of these communities;
- to seek the development of a world class Intellectual Property infrastructure in Northern Ireland;
- to develop a flexible and responsive skills system in Northern Ireland which aligns with evolving industry needs; and
- to seek a responsive regulatory framework within Government which can accept and manage a higher level of risk.

**The full Northern Ireland Government Response can be downloaded at [www.detini.gov.uk/matrix\\_response.pdf](http://www.detini.gov.uk/matrix_response.pdf). For more information about MATRIX: Northern Ireland Science Industry Panel please contact:**

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