CLUSTERS3 PROJECT

"Leveraging Cluster Policies for successful implementation of RIS3"

ACTION PLAN OF

DEPARTMENT FOR THE ECONOMY,

NORTHERN IRELAND

Part I – General information

Project: CLUSTERS3

Partner organisation: Department for the Economy

Other partner organisations involved (if relevant): Invest NI

Country: Northern Ireland

NUTS2 region: UKN0

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Part II – Policy context

The Action Plan aims to impact: €   Investment for Growth and Jobs programme

     €   European Territorial Cooperation programme

     Y   Other regional development policy instrument

Name of the policy instrument addressed: Innovation Policy – Cluster Development

The Department for the Economy (DfE) is responsible for the development of regional economic and innovation policy in Northern Ireland (NI). Although there is a number of wider economic and innovation strategies and a diversity of collaborative programme support available, there is currently a gap in relation to the development of a specific cluster policy. This project is an invaluable opportunity to get a much better understanding of regional best practice in terms of cluster policy development. The Department is therefore of using the learning from this project to inform and test new cluster policy initiatives, and commission implementation through its various delivery partners in order to effectively exploit our territorial uniqueness.

The Northern Ireland Economic Strategy and the Innovation Strategy for NI 2014-2025 will deliver an increased level of innovation and internationalisation support to small and medium enterprises (SMEs). Through this project, the Department is seeking to identify and address the challenges faced by companies, particularly our indigenous SMEs. Policy instrument improvements will help support the delivery of the Investment for Growth and Jobs- Innovation Policy- via Cluster Development.

The outworking of each of the Actions within the Action Plan will directly impact on policy decisions. Through the development of a knowledge base of the cluster landscape in NI and marrying this with the learning regarding international best practice, policy initiatives will be developed to encourage and support the creation and growth of clusters in NI. The Department will examine already-existing collaborative programmes in order to further support clustering. The internationalisation of clusters and their access to global value chains and global markets is a key policy area which will be impacted on by the Action Plan. Through the Action Plan, training for facilitators will also be introduced.

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Part III – Details of the actions envisaged

ACTION 1 – Cluster mapping of Smart Specialisation Priorities

1. **The background**

   From the outset of the Department's involvement in this project, it has been evident that a crucial piece of information has not been available, namely an overview of the clusters landscape in NI. Discussions with numerous CLUSTERS3 project partners, in particular SPRI, along with the sharing of experience and good practices have highlighted the need for a clusters mapping exercise to take place.

   Through key learning from this project we have realised that it is imperative for a reliable picture of clustering in NI to be developed in order that there is a consistent base from which to plan actions and against which to assess the success of the actions.

   Data which is currently available focuses on sectoral concentrations rather than actual clustering activity. There are anecdotal examples of clusters in NI, however there is a lack of hard evidence of the NI clusters landscape over which the Department could stand.

   One issue which complicates the completion of this action is the strict protocols around disclosure which govern the use of Official government statistical data by Analytical Services. When producing sectoral maps, Analytical Services cannot include detail which could identify individual companies. This restriction is particularly acute if the sectoral definition of businesses to be focused on (Smart Specialisation) are small in number. Nor can Analytical Services provide any company information directly, which means that companies will have to be identified from other sources before a qualitative exercise can take place.

   Another challenge is that SIC codes do not provide the level of granularity which identifies specific business activities within certain sectors and sub-sectors which are of interest, for instance, emerging technologies such as AI and Immersive Technologies.

2. **Action**
   i)   Using recent MATRIX reports, further defining of smart specialisation priorities to take place.

   ii) Examination of SIC codes to ensure that sectoral maps include all relevant companies within the above identified smart specialisation priority areas.

   iii) Physical mapping document, which covers specified smart specialisation priorities to be investigated by Analytical Services.

iv) Using the local knowledge and experience of key stakeholders, such as Invest NI, universities, colleges, and councils, draw together a list of companies in the smart specialisation priority areas to be approached for participation in qualitative research.

v) Contact to be made with the companies identified above in order to ascertain a better understanding of current clustering, appetite for clustering and reasons for non-clustering, and to help identify NI specific measures which could be implemented to support & create clusters.

vi) List of key contacts/stakeholders (business and trade organisations, collaboration instigators/enablers, research centres, further education colleges, councils etc) to be developed.

vii) Contact to be made with these organisations in order to identify the key roles played / potential roles which could be played by these enabling organisations of the NI clusters ecosystem.

viii) Once this background information has be established, a NI clusters landscape document will be prepared.

3. **Stakeholders involved**

DfE – NI Clusters Policy Manager will organise all actions. He will liaise with Analytical Services within the Department in order to produce the sectoral concentration maps. If required he will secure the relevant Departmental approvals for an external qualitative research exercise.

Invest NI – provide up to date company information to aid with the development of sectoral maps.

NI Clusters Policy Advisory Group – provide advice throughout the process of producing the NI clusters landscape document.

Universities & Colleges – provide information regarding clustering in which they are involved.

Private Sector Companies & Bodies - provide information regarding clustering in which they are involved.

Local councils - provide information regarding clustering in which they are involved.

4. **Timeframe**

By September 2019 to have produced a NI cluster mapping document.

5. **Costs**

Approximately €60k – The research project is being finalised and the cost will be confirmed once Terms of Reference are agreed.

6. **Funding sources**

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ACTION 2 – Develop an appropriate framework to support Clusters in Northern Ireland

1. **The background**

There is a range of interventions currently available to support cluster activities in Northern Ireland; however none of these are aligned to any formal expression of cluster policy; therefore, while individually effective, there is a chance of overlap of effort and/or the potential for a lessening of impact.

Furthermore in the absence of prioritisation and prioritisation criteria, which takes into account both our niche areas of expertise and the opportunities offered by Key Enabling Technologies (KETs), there is potential for limited resources to be spread too thinly resulting in limited scale.

It is our intention to assess the interventions currently available and overlay this information with the priorities established in the development of our cluster policy. This will enable us to better understand where to focus our efforts and to identify where the gaps are in our current support. In this way we can work towards a more integrated implementation of the different instruments for clustering and collaboration – enabling more ambitious, longer-term efforts and more seamless funding, in line with the recommendations in our Peer to Peer Review.

Where necessary we will seek to re-brand or re-purpose existing initiatives in order to better support the new policy; where gaps in provision do exist we will give consideration to the introduction of new support mechanisms.

We are mindful of the recommendation in our Peer to Peer Review that we seek to exploit clustering activities that focus on cross-sectoral, cross-cluster initiatives and those which open up clustering to a new cohort of participants; we will therefore consider mechanisms to support and encourage this.

We will take advantage of the experience within the project by organising a study visit to the Basque Country. The study visit has been approved as part of the CLUSTERS3 project. Policy officials will meet with counterparts in SPRI to discuss the development of cluster policy. Relevant stakeholders will also attend the study visit and suitable meetings/visits will be organised.

2. **Action**
   i)   Engage with stakeholders to map out existing initiatives.

   ii) Develop a cluster support matrix which makes provision for varying degrees of financial and non-financial support depending on the 'stage of life' of the cluster. The outcomes of Actions 4, 5 and 6 will feed into this sub-action.

iii) Consider how best to encourage participation from those new to clustering; we note Piemonte's use of a specific 'Call for Research and Innovation Projects', which is targeted at those companies who have not previously taken part in clustering.

iv) A study visit, with relevant stakeholders, to the Basque Country will take place to help inform policy decisions. There is a number of Good Practices from the Basque Country which we would like to examine in more detail through the study visit. For instance, the 'Voice of the User' pilot ensures that businesses and academic institutions etc. already involved in cluster-style activities are given an opportunity to provide input to the process. The 'Intercluster Economic Outlook and Industrial Trends Observatory' is also of interest because of the opportunity it provides for public-private dialogue and cross-cluster learning.

3. Stakeholders Involved

DfE – NI Clusters Policy Manager will organise all actions.

Invest NI – provide support to Clusters Policy Manager including providing information re support provided to clusters.

InterTradeIreland – cross-border collaboration

NI Clusters Policy Advisory Group – provide advice throughout the process.

4. Timeframe

By March 2020 to have produced policy recommendations re clusters support framework.

5. Costs

Delivering the sub-actions is primarily the responsibility of the NI Clusters Policy Manager, therefore the main costs will be staff costs. There will also be travel, subsistence and accommodation costs from the study visit.

6. Funding Sources

Staff costs covered by internal DfE funding. Much of the funding for the study visit will be covered by agreed Interreg funding. Any cost relating to the study visit which are above the agreed limits or are not eligible for Interreg funding will be covered by internal DfE funding.

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ACTION 3 - Training of Collaborative Network Facilitators

1. **The background**

   A key component to any successful cluster is an effective facilitator. The role of the cluster facilitator is a complex one and requires a high level and varied skillset. The NI peer review highlighted that the most important attributes for successful facilitators in NI are: high level of determination and resilience; strategic planning skills; diplomacy; entrepreneurship; project and programme development skills; boundary spanning; and independence/neutrality.

   The NI peer review document put forward the recommendation that a training programme for the Collaborative Network facilitators should be developed. An element of this will be the development of a forum for the sharing of knowledge between the facilitators which will address another recommendation which came out of the peer review.

2. **Action**

   (i) Identify best practice regarding cluster facilitator training which is carried out elsewhere.

   (ii) Identify training needs to be met.

   (iii) Introduce a new training programme for network facilitators.

   (iv) Introduce a platform for the sharing of knowledge and best practice.

   (v) Consider the expansion of the training to include facilitators from clusters outside the Collaborative Network Programme.

3. **Stakeholders involved**

   DfE – NI Clusters Policy Manager will liaise with partners in respect of their cluster facilitator training programmes. Liaise with Collaborative Network Manager re the identification of the training needs to be met and to discuss the introduction of a training programme for facilitators.

   Invest NI – meet with the Clusters Policy Manager to discuss the above, identify the training needs to be met, implement a new training programme for facilitators and introduce a forum for the sharing of knowledge and best practice.

   NI Clusters Policy Advisory Group – provide advice throughout the process.

4. **Timeframe**

   By January 2019 to have an understanding of best practice re cluster manager training and have identified training needs to be met.
   By June 2019 to have introduced a training programme for Collaborative Network Facilitators.

By March 2020 to have examined the introduction of a platform for the sharing of knowledge and best practice.

By March 2020 to have considered the expansion of the training to include facilitators from clusters outside the Collaborative Network Programme.

5. **Costs**

A portion of the costs will be the staff costs for the NI Clusters Policy Manager.

Funding for the training programme and collaborative platform up to €30k.

6. **Funding sources**

Staff costs covered by internal DfE funding.

Funding for the training programme and collaborative platform from internal Invest NI funds.

ACTION 4 - Examination of the role of Competence Centres in supporting cluster growth

1. **The background**

   One of the Good Practices put forward in the NI peer review document is NI's Competence Centre programme.

   Competence Centres bring together universities, research institutes and innovative businesses to carry out strategic collaborative research in areas with a direct industrial focus. Work within the Centres is largely project driven, however longer term collaborations are forming due to their work. There are four Competence Centres operating in the following areas: connected health, sustainable energy, advanced engineering and agri-food.

   The fact that Competence Centres were emphasised in the peer review, led to a number of engagements with CLUSTERS3 project members to examine the role that universities / research institutions can play in developing clusters.

   Furthermore, as part of the learning from this project, the NI Policy Manager has engaged with numerous stakeholders and stakeholder groups. One such group consists of the Directors of the Northern Ireland Competence Centres. Although Competence Centres are not strictly speaking cluster-focused, through discussion with the Directors it has become apparent that they may have a role to play in clusters.

2. **Action**
   i) Have further meetings with the Centre Directors, individually and collectively, to examine the role already played by Competence Centres regarding clusters.

   ii) Meet with the Competence Centre Programme Manager to examine the role which could be played by the Centres re cluster management/development.

   iii) Present conclusions to the Advisory Group.

   iv) If appropriate, put forward policy recommendations re the potential role of Competence Centres in clustering.

3. **Stakeholders involved**

   DfE – NI Clusters Policy Manager will oversee the above actions

   Competence Centre Directors – Provide input in relation to the clustering activity already undertaken by the Centres and the potential for enhancing this work.

   Invest NI – Competence Centre Programme Manager will meet with the Clusters Policy Manager to examine the possibility of extending the role of Competence Centres to include cluster management/development.

   NI Clusters Policy Advisory Group – provide advice regarding the role of Competence Centres.

4. Timeframe

By December 2019 to have identified if Competence Centres could play an enhanced role in developing and managing clusters.

By March 2020 to have put forward policy recommendations re the future role of Competence Centres, if appropriate.

5. **Costs**

Delivering the sub-actions is primarily the responsibility of the NI Clusters Policy Manager, therefore the main costs will be staff costs.

6. **Funding sources**

Staff costs covered by internal DfE funding.

ACTION 5 – Run a pilot international cluster initiative

1. **The background**

   The internationalisation of clusters is a key aspect of this project. Indeed in the project abstract states that "the target of the project is to improve cluster policies and the performance of cluster organisations; <u>having in mind their important role in the insertion of SMEs in global value chains</u>".

   Moreover one of the recommendations of the NI peer review was to "explore bi-national cluster opportunities" and also stated that a bi-national cluster could also be a link with EU funding in time of BREXIT.

   The Department has therefore liaised with one of its delivery bodies, InterTradeIreland, to examine possibilities for the development of cross-border clusters. One of the sectors which had been identified is BioPharma. It has been agreed that a pilot initiative will be introduced to support the development of a BioPharma cluster.

2. **Action**

   i) Engage with industry and academia about the feasibility of formalising a cross border BioPharma cluster by:

      a) Strengthening the cross border co-ordination of research centres, institutes and networks.

      b) Further integration and development of the cross border vendor sector

      c) Developing an all-island interoperable clinical trials coordination network

      d) Greater coordination of education and training

   ii) Explore the wider internationalisation of the BioPharma cluster

   iii) Use the learning to explore the possibility of introducing an international clusters initiative

   For context and rationale please visit
   http://www.intertradeireland.com/media/MappingthePotentialforall-islandSectoralEcosystems.pdf

3. **Stakeholders involved**

   InterTradeIreland, the Cross Border Trade and Business Development Body.

   Role includes commissioning cluster development research, facilitating meetings between key stakeholders, development of action plan. Fostering strategic partnerships across the border to facilitate the actions listed above.

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Other actors include the members of the high level all-island BioPharma Cluster Development Forum – DfE, Invest NI, ABPI, Enterprise Ireland, DBEI, BioPharmaChem Ireland, HSC R&D NI, IDA Ireland, HRB. The role of this stakeholder group is to ensure the strategies and actions of the group align with the strategic objectives and activities of each of the actor's respective organisations. This is to reduce duplication and to leverage each actor's own networks, and if in alignment, funding mechanisms.

For the completion of each action listed above the Cluster Forum members will be expected to share their own organisation's research and network contacts to help achieve the actions agreed.

4. Timeframe

By December 2018 establish an all island initiative to enable the development of the BioPharma vendor sector

By December 2018 carry out an extensive stakeholder engagement programme re feasibility of creating a BioPharma cluster

By December 2019 establish pilot Biopharma cluster initiative

By March 2020 take learning and apply to the possible creation of a wider cross-border cluster initiative

5. Costs
Visibility raising events annual budget of £30,000
Protected Time (to be agreed with academic partners)
Infrastructure development (To be agreed with developers)

6. Funding sources
InterTradeIreland Cluster Development Budget

ACTION 6 - Examine pragmatic ways to support the growth of clusters in key priority areas.

1. **The background**

   Although the Department has been working on regional smart specialisation strategies (RIS3) for some time, involvement in the project has helped to crystallise the Department's thinking on the importance of framing cluster programmes around NI's RIS3 priorities.

   One facet of the Department's ongoing smart specialisation work is MATRIX, the Northern Ireland Science Industry Panel. MATRIX is a business led expert panel, formed primarily to advise government, industry and academia on the commercial exploitation of R&D and science and technology in Northern Ireland. It produces regular, in depth reports which outline the work, findings and recommendations of our specialist panels. MATRIX provides insight into the strengths of the NI economy, linked to future opportunities and therefore serves as the main input to guide RIS3 priorities in NI.

   Over the course of the project, project members have shared many examples of the success of targeted cluster programmes which align to regions' RIS3 priorities. There has been a clear focus within the project on the importance of RIS3. Indeed an aim of the project is for a better RIS3 implementation within each region. This action has been driven by learning from project members' experience and will be informed by the aforementioned

   The significance of RIS3 in the development of coherent cluster policy was reinforced at the NI peer review. Along with noting the importance of MATRIX in guiding RIS3 priorities, the peer review document recommended a better linking of RSI3 priorities and cluster policy, programmes and strategy.

2. **Action**
   i) Identify key sector organisations / umbrella organisations / sectoral bodies / informal organisations in the sector which may be able to drive forward collaboration in the sector in order to create of a cluster

   ii) Engage with identified organisation to explore the clusters landscape in each sector – ie strengths and opportunities, impediments to clustering, support required to effectively develop a cluster in each sector

   iii) If required, work with Invest NI to develop a pilot cluster initiative which covers the relevant areas

3. **Stakeholders involved**

DfE – NI Clusters Policy Manager will examine each sector regarding sectoral organisations. He will encourage key sectors to explore clustering and will work with delivery bodies, as required, to explore options for supporting selected clusters.

Delivery bodies, including Invest NI – If required, will work with DfE re the above and will take forward agreed steps re piloting support for sectors in priority areas.

NI Clusters Policy Advisory Group – provide advice throughout this process.

4. Timeframe

By December 2018 to have engaged with organisations within each sector to inform requirements of each sector

By March 2019, if pre-existing initiatives are not appropriate, to have examined solutions to address the needs of each sector

By December 2019 secure agreement from appropriate delivery bodies regarding the carrying out of pilot solutions, if required.

5. Costs

Delivering the sub-actions is primarily the responsibility of the NI Clusters Policy Manager, therefore the main costs will be staff costs.

6. Funding sources

Staff costs covered by internal DfE funding.

Date: 08/08/18

Signature: *Ciaran McGarrity*