1. **Chair’s Introduction**

1.1 Mr Gilbert introduced the meeting by welcoming everyone, with particular reference to Lucy Jackson and Mark Hand, (who were shadowing Mr Dennehey). The main focus of the meeting was the Corporate Plan.
2. **Apologies**

2.1 There were none.

3. **Approval of minutes of the previous meeting**

3.1 The minutes of the meeting held on 6 November 2013 were approved without amendment.

4. **Matters arising from the minutes**

4.1 Mr Gilbert reviewed the actions (the majority of which had been completed). With regard to IPADs work was ongoing to allow the Non Executive Directors (NEDs) access to Circle. Mr Knighton had circulated his paper on the commercialisation work stream, and it was agreed that the SB would come back to this at a later date.

4.2 A meeting had been scheduled with Mr D Alexander (HM Treasury), which would be attended by Mr Gilbert, Mr Alty and Lord Younger.

**Action**

- Secretariat to include the commercialisation paper for discussion at the March SB.

5. **Corporate Plan 2014/17**

5.1 Mr Gilbert said that the Corporate Plan 2014/17 was an important document because of earned autonomy and the Pay Pilot and noted that it was important that the NEDs had a full understanding of the process.

5.2 Mr Knighton summarised the approach taken and work completed on the IPO’s Corporate Plan to date. The IPO’s Corporate Strategy set out the organisation’s Vision, Purpose and Values which focussed on the ‘how’ and Goals which set out the ‘what’ and ‘when,’ and provided the check that all of the proposed change and business as usual activities were aligned and in the right direction. The broad approach to the corporate planning process across the Office had been bottom up and top down and had involved a huge number of people, highlighting items of change and business as usual activities to achieve the goals. The Executive Board needed to determine the priorities which were important for resource allocation. This was the process the IPO had undertaken and aim of this discussion was to get a steer from the NEDs on the proposed priorities.

5.3 The audience for the Corporate Plan was multi faceted and messaging was vitally important to ensure that user needs were fully met. The format of the document had not yet been agreed but as in previous years a lot of work would be done to ensure that the final document was eye catching and exciting. In addition to the Corporate Plan document there would also be flyers and leaflets (which had worked very well previously). There was also the social media element that would enhance the messaging. There would be a suite of things, i.e., Corporate Plan for the IPO, other Government Departments and Ministers – and other documents which would serve other purposes and other audiences. This also linked to the work on reputation.

5.4 The relevant Executive Director provided a brief presentation of the priorities under the goals for comment by the SB.
Goal: Promoting UK growth through IP Policy

- **Delivering the Orphan Works and Extended Collective Licensing schemes by the end of the year**

5.6 Orphan works was a continuation of the Hargreaves agenda – and the aim was to complete the implementation. The narrative that would underpin this – would explain that delivery of the Hargreaves agenda was coming towards its end. (As detailed in the Hargreaves Update the IPO envisaged winding up the Hargreaves Programme as a programme in May/June). The work on exceptions was the most controversial and most resource intensive.

5.7 The NEDs questioned whether the reference to ‘majority’ was strong enough. The document was impeccably structured but this could have drawbacks because of the detailed terminology. It was noted that the slide pack was an internal document only - to facilitate this discussion. In drafting the Corporate Plan the IPO would need to ensure that the narrative set out the context clearly.

- **Modernising Designs service provision**

5.8 This was one of the new items, prompted by the IP Bill and although the intention was not to complete it in the first year, work had already started on Statutory Instruments to deliver the detail. The process needed to be modernised and this would be underpinned by an IT system to allow the inspection of documents on line. There were some new services that flowed from the Bill, including the Opinions Service. This would be very demanding to set up and would need a high level of capability which the IPO did not currently have in Designs. There were a number of challenges - process, capability and IT, (which required GDS approval). The approval needed from GDS was extremely important and while the IPO could plan the work – it could not be started until it had been approved. Not knowing the timing would need to be managed carefully by the IPO. This work was being taken forward to facilitate growth and not for financial reasons.

5.9 The NEDs highlighted that the information provided had not allowed them to understand the context. This was being provided as part of the Executive Director’s introduction. Mr Dennehey had set the scene clearly with his introduction – and this in a sense could be the opening paragraph to put it into context – which would make a vital difference to the CP. It was noted that the work on TM10 had digitised trade marks, work had started in Patents on the Patents Roadmap and the next piece of work was around Designs – which would not produce high revenues – but it linked to growth.

- **Examining the use of IP as a Financial Asset**

5.10 The Banking on IP Report had been published in 2013 and round table discussions had been held with the financial sector, banks, business advisors, specialist IP advisors – which had gone well. On completion of the round table discussions a set of actions would be agreed which linked more on business awareness raising.

5.11 The NEDs said that this was all good – but needed to understand what the work would deliver and how much change could be expected. This linked to the need for SMART objectives – the importance of timescale and size of impact. The IPO clarified the distinction between outputs and outcomes. The outcomes would enable the IPO to measure
awareness (e.g., sampling survey). There were things the IPO could not do until the detail was worked through - but this period would signal a long term commitment.

- **Influencing continuing EU Debate on the future copyright framework for Europe in line with UK interests**

5.12 In Europe currently there was a live consultation on the changes to the European Copyright Framework, which the UK had a keen interest in. There was a need to be involved in this as it was a major area of activity – but how major depended on things outside of the IPO’s control. The European Commission had decided to delve into this work but it would be a disrupted year of business because of the European Election.

5.13 The NEDs commented that this was about influencing Europe, and questioned how the IPO dealt with the international element. It was clarified that the best way for the IPO to exert international influence beyond Europe was by taking a strong position in Europe. It would be helpful for the NEDs to understand the areas where the IPO could actually lead, and the things that could be done to influence this so as to get something more tangible. It could also provide an opportunity to work with stakeholders who we might have had difficulties with over Hargreaves.

5.14 It was agreed that a fuller discussion on the IPO’s forward engagement with Europe would be useful for NEDs

**Action**

- Secretariat to include EU Forward Look in the SB Work Programme.

- **Reforming of the EU Trade Mark Law**

5.15 This was a Directive relating to trade marks and a regulation relating to the governance of the EU Trade Mark. The Directive was the first being negotiated and there was uncertainty due to the pace of negotiation – the European Commission had wanted to complete negotiations before the end of 2013 but a coalition of Member States did not want this because there was important technical detail that had to be agreed. This was likely to come to a conclusion in the autumn after which it would need to be incorporated into the UK legal system. The regulation would also cover the status and operation of the Community Trade Mark Office. In summary this related to improving the single market by aligning the European system with National systems.

- **Pursuing preparations for ratification and implementation of the Unitary Patent and Unified Patent Court Agreement (UPC)**

5.16 While the IPO would have liked to have said ‘implemented’ by a specific date – this was not feasible given the wider context of the European Patent organisation to establish how much the Unitary Patent would cost. The IPO Task Force was leading on a big area of work to set up a multi chamber distributed court (with two courts in London). A key element was getting the power needed to amend the Patent Act, which would need secondary legislation. The IPO was working closely with the Ministry of Justice. There were financial risks involved in procuring an IT system – which would need careful monitoring.

5.17 The NEDs suggested the inclusion of some sort of disclaimer given the outside factors that could stop the IPO from implementation.
• Pursing UK business interests internationally by identifying and reducing the IP enforcement challenges they face in key markets whilst working to stem the flow of counterfeit goods into the UK

5.18 The International Enforcement Summit would be included as a Ministerial target – as this was a priority for the Minister and would help build international links and make progress on some of the research.

5.19 The NEDs suggested that this seemed to be understated and that there were some more tangible things that could be included, given there was a growing enthusiasm for enforcement (and currently this did not convey that message). It was agreed that this needed further consideration. In the previous year the work with the City of London Police had been a target. The unit had been established and the Executive Board had discussed the next big issue (apart from monitoring the delivery) was about the timing of transferring funding to business. The NEDs highlighted that this coming year would be critical as the IPO would be asking the industry to fund the unit.

5.20 It was agreed that this needed further consideration by the IPO – clearly there was more tangible information that needed to be included.

• Delivering Global Patent Reform

5.21 A lot of progress had already been made in this area – including the Patent Prosecution Highway. The Executive Board had discussed and concluded that this continued to be a priority area – there was a need to maintain the momentum and pace of work.

5.22 As part of harmonising the legal framework the IPO fed into this work, which was good. It also included a practical element of sharing international tools, a practical way of implementing policy which had strong support from the US and China. This area of work was important for IPO business customers who were operating globally and was an area that the IPO needed to put effort and attention.

Goal: Delivering High Quality Rights Granting Services

• Patents Rights Granting

• Trade Marks & Designs Rights Granting

5.23 The IPO had seen a significant rise in demand over the previous three years and had recruited both Patent Examiners and Trade Marks as a result. (7 new Trade Mark Examiners had been recruited and 3 reserves would also be appointed). Although the figures only indicated a rise of 1 TM Examiner in the first year in years 2 and 3 further recruitments would take place.

5.24 Previously there had been discussion about contributions from OHIM to the IPO – it was clarified that the Community Trade Mark Office was making a lot of money and discussions had been held as to whether fees would be cut or whether it was given to National Offices or whether it was invested into co-operation projects. (As this was tied up with the CTM budget this had not yet been settled).
5.25 These were the three components of the IPO’s transformational change programme of work (Ms Nanayakkara was a member of the IPO’s Transformational Change Committee which was leading on this work). The IPO was in the process of preparing the business case and working closely with GDS with the aim of securing all of the necessary approvals. This was an extremely important area of work and was not simply about numbers – it involved a lot of debate about design and how it aligned with the Government’s IT Strategy. The IPO was taking an iterative approach in relation to its transformational change agenda.

5.26 The Patent Roadmap was one element of the transformational change – and some of this work was not IT enabled. The non IT related part of this work included – the recruitment of more patent examiners, the management of patent demand differently and a pilot was being set up to look at whether the non technical elements of the examiner role could be done by others.

5.27 The NEDs welcomed the proposed step change in patent examiner recruitment (50 each year for 3 years) but also questioned the feasibility of it given that the IPO had not been able to recruit as many as it had needed in the previous recruitment (17 and not 20). The IPO clarified that an improved pay offer would help, the recruitment process (following a procurement process) would be run differently. In terms of numbers, 50 was the number that the IPO would accommodate in terms of management and training. There would be a longer period of classroom training. Consideration was being given to how this number would be accommodated – and it was noted that it would become more of a problem in the second and third years.

Goal: Enabling business to understand, use and protect their IP and educating consumers to respect other’s IP rights

- Delivering a suite of tools to encourage university lecturers to bring IP into course material and to build students understanding of IP

5.28 The NEDs questioned how the reference to educating consumers linked to the overall goal. The IPO continued to work in this area and there were a large number of activities that underpinned it, including the Karaoke Shower (link) and the launch of the music application.

- Helping companies which are IP rich trade more internationally

5.29 This involved a number of things – some of which the IPO had totally under control and other things which were not. More work would be done on the attaché model and the International IP Enforcement Summit was a high priority.

Goal: Improving the skills and capability of our people

- Developing effective leaders, managers and change managers
5.30 The areas the IPO had fallen most below on in the People Survey 2013 were in terms of leading change and change management and therefore it would be a corporate priority. The IPO also highlighted the continual need to focus on management skills.

- **Implementing a new total reward package**

5.31 The SB had been informed that the IPO had reached an agreement with HM Treasury on the Pay Pilot, (which would commence in August 2014). The IPO was developing the detail and would be putting a proposal to HMT. There were some things the IPO might want to implement earlier to align with the patent examiner recruitment. Discussions were also ongoing with the trade union side. It was highlighted that the Corporate Plan was not the primary mechanism in terms of communicating the Pay Pilot. The detail had to be developed and needed to be negotiated with the TUS.

5.32 The Minister’s next visit to the IPO would provide an opportunity to bring the Corporate Plan to the attention of all staff.

- **Implementing Shared Services**

5.33 The HR element of shared services was scheduled to go live imminently. The Finance element was scheduled for 2015. Shared services was part of the wider Government Strategy and the case for it related to the number of different platforms for payroll and finance – the aim was to drive the number down to 3 in the centre. In terms of saving to the IPO it would be minimal.

- **Continue to embed Lean into the IPO culture**

5.34 The IPO had seen some benefits from the work undertaken on Lean over the previous 2 years and the aim going forward was to step up and become a Lean organisation – which was about continuous improvement and efficiency and linked to the culture and empowering people to drive improvement.

5.35 The NEDs questioned whether the notion of a monetary target was a concept the IPO would extend to the following year. The IPO had achieved the target previously but highlighted that if the whole focus was on money it had the potential to distort the behaviours that were important, i.e., empowerment, continuous improvement and efficiency.

**Ministerial Targets**

5.36 The ministerial targets could be a combination of measures for business as usual activities and some change elements.

5.37 The NEDs questioned whether the customer service target of 80% could be made higher and still be achievable. The target of 80% was comparable to private and public sector organisations and sustaining the target while going through the huge amount of transformation change plan would be difficult, and therefore a higher target was not feasible.
Resource Information - Budgets

5.38 Mr Knighton highlighted that as a Trading Fund the IPO had to make a 4% return on capital and that over a 5 year period (taking one year with another) the IPO had to break even. At the outset of the corporate planning process the IPO had been left with a deficit. The IPO’s Finance Team had met with all Directorates and challenged proposals. The nature of Trading Funds was that due to accountancy conventions it was difficult to use the cash surplus.

5.39 The NEDs had been concerned that the in the first iteration of the figures the IPO had budgeted for a deficit and the new surplus position was welcomed. This was an important time – being the first year of earned autonomy, therefore it had to be right and deliverable. It would also be an important year for the Pay Pilot. During the period it would be good to achieve some restrictions lifted to allow investment in employees. It was important that the IPO was able to demonstrate easily that it was a sensible organisation that could be trusted to invest in its employees.

5.40 Going forward HMT would want the IPO to hit the pay budget. The IPO’s staff costs over the next three years would increase by about a quarter. Mr Alty commented that he was not so concerned about making a deficit – it was the need to break even over a five year period (e.g. the IPO would not want to stop funding something like the City of London Police so as not to show a surplus). The change of the IPO’s position from deficit to surplus was a result of the approach to capitalisation.

5.41 The assumptions around income related to increased demand – and there could be some tension if the income line did not come through. The NEDs questioned why non cash expenses dropped dramatically – this was partly related to the City of London Police and getting industry to fund it. In terms of capitalisation this related to the transformational change agenda.

5.42 Mr Alty thanked the NEDs for all of their comments on both the priorities and presentation – which the IPO would consider. With regard to enforcement – this might end up as a priority or might be included as part of the narrative. The IPO would forward a subsequent draft of the IPO Corporate Plan to the NEDs as soon as possible – which would provide a clear context for everything that had been discussed.

5.43 Mr Gilbert concluded that following this discussion the IPO’s Corporate Plan would be a good document with the right level of ambition.

6. Chief Executive’s Report

6.1 Mr Alty highlighted a number of areas in the report. The BIS Strategic Review had been completed and had made a number of recommendations: the need to go further faster on sharing services (particularly in the IT area); the need to stand back and look at services provided to the customer around policy goals improving innovation. The assumption should be made that in due course there would be one body that was helping to promote innovation – although clearly this was a long way off. It was however and example that the review had significant potential implications that the IPO would need to engage with. Mr Dodds (BIS) would be attending the next SB meeting to discuss the BIS Strategic Review.

6.2 In relation to EU Copyright the IPO was in the process of finalising a document for the European Commission setting out the IPO’s view on getting the copyright regime to encourage growth.
6.3 Demand for rights granting continued to increase — and it was very difficult to forecast (something which had been discussed by the Executive Board as part of the corporate plan discussions).

6.4 The aim of the Consumer Campaign was to reach 4 million people to raise awareness of IP. The IPO continued to engage with Mr Weatherly and took time to explain our rationalisation in relation to copyright work. As an MP, Mr Weatherly was able to table amendments to legislation which could sometimes be problematic. The IPO was engaging closely with Mr Weatherly to put him in touch with the right people.

6.5 Mr Alty informed the SB that the interviews had been held for Mr Quilty’s replacement as Director of Copyright and Enforcement and the announcement would be made on completion of the process.

6.6 The NEDs congratulated the IPO on the results of the People Survey – the scores clearly showed significant improvement.

6.7 The NEDs suggested that the BIS Strategic Review could create significant governance issues. Currently all of the partner organisations had their own Accounting Officer – as such Mr Alty needed to be satisfied that ‘the IPO’s spend represented value for money. More centralisation meant less control over decisions – which would change the nature of the Accounting Officer role.

6.8 Mr Gilbert concluded by thanking Mr Alty for a comprehensive update.

7. BIS Update

7.1 Ms Brooks updated the SB on BIS issues relating to the IPO. The department was currently working to resolve the budget challenges for 14/15 and 15/16. The launch of the UK’s part of the Horizon 2020 Programme was imminent – which would provide a significant opportunity for the UK to improving access to European funding. A medium term priority for BIS was to look at the business support programme and how the customer interface could be improved. This work would reach a conclusion in March – but would take longer to implement. A new Science and Innovation Strategy had been announced in the Autumn Statement – the work was being scoped carefully and would set direction for 5 years. The IPO would be involved in taking this work forward.

8. Finance Report

8.1 Mr Knighton summarised the IPO financial position as at month 9. Income continued to be strong and the deficit would probably be less than currently forecast. In summary the IPO was broadly on track for a sound performance.

8.2 The funding for the City of London Police Unit had increased by £0.5m – as already highlighted consideration was being given to future funding of the unit by industry.

8.3 With regard to staff numbers the NEDs welcomed the information provided on the financial dashboard which indicated that the staff numbers were 53 (FTE) below budget. Was the IPO planning to recruit this number in addition to the 62 proposed in the Corporate Plan? It was clarified that the 53 below budget represented churn for turnover – as the IPO had not been able to recruit as many patent examiners or IT staff as originally planned.
8.4 There was a suggestion that the IPO should have perhaps considered increasing the income figure – it was agreed that Mr Knighton would check the figures.

9. Performance Report

9.1 Mr Rogers introduced the performance report at the end of month 9. The NEDs queried the amber rag status on E-Services. The IPO had struggled to meet the ministerial target in relation to identity assurance – which linked to wider government agenda on identity assurance. The IPO had successfully identified a solution in the short term to meet the target. There was also a question about the internal communications satisfaction survey which had indicated that 60% of people had said they were well informed about things going on across the Office. The IPO’s internal Communication Strategy was as important as the External Communications Strategy. Clearly it was a manager’s responsibility on a day to day basis to keep staff up to date. The IPO clarified that this survey had taken place sometime previously and was flawed as a measure as another survey would not be done for another year. The NEDs acknowledged that the information was there and queried the cause for it not being absorbed. The internal communications capability had increased significantly – a proper team was in place and communication was being approached in a strategic way and was looking for linkages with BIS and the outside world.

10. Risk Management

10.1 Ms Powell introduced this item and summarised the changes made since the last iteration. The NEDs welcomed the invitation to do some risk management training. With regard to the Worries List – the NEDs questioned whether it would be beneficial to include the recruitment of more patent examiners on the Board Risk Register. It was clarified that this risk was being managed effectively at a directorate level and was not something that the Executive Board needed to work on, as it would not be managed any differently.

11. People Survey 2013

11.1 Ms Smyth introduced this item and highlighted the excellent progress that had been made. The IPO achieved and engagement score of 60% (up by 4% in each of the preceding two years), and only 2% below the Civil Service High Performing benchmark (CSHP), although 5 of the 8 Directorates were already above the CSHP and the others were very close to it.

11.2 The IPO had looked at the results of other departments: 98 agencies had taken part with the highest score of 72% (and lowest 39%) which provided an indication of the IPO’s position (33 out of 98). One of the most positive scores related to learning and development – with the IPO fourth – given that this had been the focus of corporate activity following the people survey results in 2012. The lowest scores related to pay and change – the Pay Pilot would provide some leverage. Going forward it was important to make the most out of the Pay Pilot however not all elements would be good for all people.

11.3 The Executive Board had discussed the results and agreed that leadership and managing change would be a focus of corporate activity. The Executive Board had a further discussion scheduled and other areas might be included. As in the previous year each Executive Director would be managing issues in their directorate. Following the next Executive Board discussion the Corporate Action Plan would be shared with the SB.
11.4 The NEDs congratulated the IPO – the results clearly showed that progress had been made.

**Action**
- Ms Smyth to provide the Corporate Action Plan to SB for information on its completion.

**12. IT Roadmap Update**

12.1 This update provided the SB with a comprehensive summary of progress on the IT Roadmap – which was well received by the NEDs. The NEDs asked whether there were any potential difficulties in working with GDS. The IPO were investing a lot of time working with GDS – and engagement with them was very good. It was important that approvals needed from GDS did not delay the IPO’s transformational change programme. There was some concern about the IPO’s website migration – particularly the professional area.

12.2 The recruitment process for the Chief Technology Officer would be progressing – following approval.

**13. Information Papers**

13.1 Mr Gilbert noted thanks for the People Data Report and Hargreaves Update. The NEDs highlighted their concern at the figures relating to staff going home ill and dental/medical appointments – and the potential link to lack of engagement. The IPO would be monitoring the impact of changes of the attendance management policy.

13.2 The update on priority actions from the Steering Board Awayday would be discussed at the next Steering Board meeting.

**14. Any Other Business**

14.1 Ms Ratcliffe informed the SB of Mr Gilbert’s re-appointment as Chair to the IPO Steering Board for a further period.

14.2 Mr Gilbert highlighted that the SB Awayday needed to be rescheduled.

14.3 Mr Gilbert concluded the meeting by thanking everyone for their contributions.

**15. Reputation**

15.1 The Reputation item was facilitated by Mr Maclean.