

**NOTE OF THE INTELLECTUAL PROPERTY OFFICE STEERING BOARD MEETING
HELD ON 11 MARCH 2014 AT CONCEPT HOUSE NEWPORT, & ABBEY ORCHARD
STREET, LONDON**

Attendees:

Non Executive Directors

Bob Gilbert (Chair)
Gary Austin
Iain Maclean
Ralph Ecclestone
Nora Nanayakkara
Tim Suter

BIS

Deputy for Amanda Brooks - Brigid Feeny

Intellectual Property Office

John Alty	Chief Executive
Sean Dennehey	Deputy Chief Executive
Tim Knighton	Chief Operating Officer
Ros Lynch	Director, Copyright & Enforcement
Rosa Wilkinson	Director, Innovation & Strategic Communications
Sally Jones	Secretariat, Minutes
Kathryn Ratcliffe	Head of Secretariat

Observers

Bryony Butland
Merton Murrell

Shadow

Conor McMichael (Sean Dennehey)

Action	Timing
Mr Knighton to circulate a paper to NEDs – detailing why income was moving in a particular way.	Immediate
The agenda for the International Enforcement Summit to be circulated to the NEDs.	Immediate
Secretariat to inform Louise Smyth/Alison Reed of Mr Maclean's offer of support.	Immediate
Louise Smyth to produce a note on the IPO's average working days lost per person in comparison to other government departments.	Immediate

1. Chair's Introduction

1.1 Mr Gilbert welcomed everyone to the meeting with particular reference to Ms Lynch – as this was her first Steering Board meeting in her new role as Director of Copyright and Enforcement, Ms Butland, Mr Merton and Mr McMichael who were observing the meeting.

2. Approval of minutes of the previous meeting

2.1 The minutes of the meeting held on 30 January 2014 were approved without amendment.

3. Matters arising from the minutes

3.1 Mr Gilbert reviewed actions most of which had been completed or updated. With regard to the issue relating to IPAD access to Circle IT were working to resolve the security issue. It was agreed that a note would be circulated to Non Executive Directors (NEDs) explaining why income was moving in a particular way. This linked to the Commercialisation paper scheduled for discussion. The EU Forward Look had been scheduled for discussion at the May Steering Board meeting.

Action

- Mr Knighton to circulate a paper to NEDs – detailing why income was moving in a particular way.

4. Corporate Plan

4.1 Mr Gilbert summarised the comments from NEDs on the draft Corporate Plan (CP) they had received in advance of the meeting. Clearly the content of the plan was good and related to the IPO Corporate Strategy. That said in its current format it was not an easy read – and linked to the SB's previous discussion on audience. It was acknowledged that the CP had limited readership, i.e. IPO Executive Board, the Minister, BIS – beyond which it was unlikely that others would delve into the detail. Mr Gilbert suggested that when the SB were happy with it as an internal document – which would drive the organisation forward over the forthcoming 12 months – there was a need to cater for other audiences to try and convert it into a marketing document which was easy to assimilate. The consensus amongst NEDs was that they wanted to have a document that they could have pride in.

4.2 The NEDs provided some additional comments at the meeting. It was important that people could read a version of the CP and understand their contribution to it which in itself would drive up engagement. The reference to the IPO's Corporate Strategy was important – and given that the IPO was three quarters of the way through it – there was a need to articulate this in the document to provide the context. There were a number of different timescales, i.e. 5 year Corporate Strategy, CP was a 3 year plan and the start of a new five year financial framework and it would be helpful to have this mapped out in the document detailing how they related to each other.

4.3 It was acknowledged that the CP was for a limited audience – downloads for the current CP totalled 641. In disseminating the CP it would be important to take the expertise into the web version. It was very important not to confuse having really good content with how it was presented for different audiences. By having an 'all embracing' document it could be used as the core document and use the relevant parts for staff and stakeholders. If the content was not right this would prove more difficult.

4.4 With regard to the Corporate Strategy the IPO had undertaken work at the outset of the corporate planning process which confirmed that the Vision, Purpose and Goals were right. The outcome had been discussed and agreed at a previous SB meeting. The subsequent work on the CP had surfaced priorities to move the IPO towards achieving the strategic goals and would drive the organisation forward. The IPO was at the point in the process of

looking at how best to communicate the change and targets to a number of different audiences (stakeholders, staff). In relation to enforcement – more priorities had been included in the context of the International Summit, which was one of the external pressures on the IPO. The points on efficiency had been strengthened and a remaining piece of work related to the challenge by the Minister in relation to innovation and how the IPO looked at it both internally and in the wider economy. The proposal was not to include it as another ministerial target.

4.5 It was felt that the outline Communications plan was good. The formatting and continuity of the document was felt to be the key issue. Clearly there was no need for a major overhaul but it needed to look like a more cohesive document which was a challenge when a number of people were contributing to it, (which was something that could be factored in for the next CP). Mr Alty suggested a way forward – to look at the formatting of one chapter. The document would look very different in the final print format (different fonts and colours).

4.6 Mr Gilbert concluded by thanking everyone for their comments. Mr Knighton, Ms Ratcliffe, Mr Alty and Miss Wilkinson would review the CP with Mr Gilbert and the final document would be re-circulated to the NEDs for approval. The IPO Executive Board and finally Lord Younger would approve the CP.

5. Chief Executive's Report

5.1 Mr Alty highlighted the key points from the report. The BIS Strategic Review was important for the IPO and was scheduled for discussion later in the meeting. The BIS Board were taking some fundamental decisions in terms of managing their relationship with partner organisations. A distinction had been made between self funded and taxpayer funded partner organisations, which potentially provided the IPO with some opportunities.

5.2 The visit of President of the European Patent Organisation (EPO), Mr Battistelli had been successful. Mr Gilbert had also attended the dinner. The EPO was very important for British business and internationally in terms of how well the global patent system worked. The visit had provided the opportunity for lots of detailed discussions which had given the IPO a better understanding of approach taken by the EPO. It had also allowed Mr Battistelli to have a fuller understanding of the full range of IPO activity. The visit had also included a tour of the House of Lords.

5.3 With regard to Shared Services HR payroll had successfully gone live – the IPO was pleased the process was working although further work was being done to ensure the IPO received the appropriate customer focus from the shared service centre. A meeting was scheduled with the Chief Executive of SBS in April to look at progress. On the Finance side there were more challenges.

5.4 Mr Alty reported that there was a process ongoing looking at whether all forms of business support across government could be brought together, with the possibility of pooling budgets which could impact on the IPO. Miss Wilkinson with Lord Younger had attended a Star Chamber which had included Mr K Clarke (MP) and Mr M Hancock (BIS Minister). This had been very successful and they had been very impressed with the IPO's integration with the BIS programme – it was an excellent result for the IPO (a vote of confidence).

5.5 The NEDs had a number of comments. How much time had been spent with JLR and had their expectations of the IPO been clarified from the visit? The IPO had discussed JLR's future expectations and they were expecting the IPO to deal with a lot more work from them. They were also interested in taking part in the secure identity assurance pilot. It was clear

that they were keen to develop more than a transactional relationship with the IPO and they had welcomed the trend towards more electronic interaction. They were also interested in support in China as they had some concerns about design registration. The IP Attaché had been able to provide assistance on rights granting and more general support.

5.6 With regard to the International Enforcement Summit – this was an event the NEDs would be welcome to attend. Mr Gilbert had assisted with attendees and noted that the agenda was very good and would provide the opportunity for the IPO to be at the forefront of an international programme.

Action

- The agenda for the International Enforcement Summit to be circulated to the NEDs.

5.7 With regard to the Pay Pilot the NEDs asked about the progress of work. Work on the Pay Pilot was progressing well and open sessions had been held for staff. While people were interested there was still some caution. The aim was maximise the value, target areas of most needs and to motivate and reward the majority of people and address the overlaps between pay spans.

5.8 The NEDs offered their support in taking this work forward and offered to engage with Ministers. It was acknowledged that while this was welcome – the timing was not quite right. The IPO had prepared a letter from Lord Younger to Parliament which detailed the IPO's work in delivering the best IP regime.

5.9 Mr Gilbert thanked Mr Alty for the update.

6. BIS Update

6.1 Ms Feeny provided the BIS update and highlighted that it was Science week. The Government Response to the Witty Review and the Research Councils Impact Report was due to be published imminently. The department continued to work on budget bids however detail on particular schemes and initiatives would not be clear until the outcome of the budget.

6.2 In the longer term, BIS support integration meetings were being held with Ministers across government. Mr D Willetts (MP) would be meeting the Technology Strategy Board on their work on business support and Design Council.

6.3 The Science and Innovation Strategy up to 2020 would be published in the autumn – a particular issue of relevance for the IPO was the work ongoing on the scoping document. It provided the opportunity for the IPO to engage with Lord Younger and linked to the IPO's corporate targets in this area.

6.4 Mr Gilbert thanked Ms Feeny for the update.

7. Finance Report

7.1 Mr Knighton updated the SB on the IPO's financial position as at month 10. The key point in terms of the forecasting position – the IPO was on track for an overall deficit. Mr Austin noted that it was clear that some re-forecasting needed to take place as it had appeared to be overstated. With regard to the return on capital Mr Austin queried whether

the overall deficit mattered of the return on capital over the 5 year period was not near the agreed 4%. It was confirmed that the return on capital would be in the low double figures.

7.2 With regard to EP renewals the NEDs questioned whether the figure was static or rising. It was confirmed that EP renewals would continue to be a significant proportion of the IPO's income.

7.3 With regard to expenditure – given that only 1% was spent on marketing there was a question about whether this was enough given that the IPO was keen to enhance its profile. This area of activity was capped by ERG controls and while the sum was small the IPO was working better and smarter in this area – particularly by working with other organisation.

7.4 The increased income did not link to the increased demand – more patent applications cost the IPO more as the process fees were very small in comparison with renewal income. The big driver was how many patents were renewed.

7.5 Overtime was voluntary and the lower uptake linked to the salary increase and also the good weather (human nature and when voluntary what drives that).

7.6 Mr Gilbert thanked Mr Knighton for the update noting that the financial position continued to be on track.

8. Performance Report

8.1 Mr Knighton introduced this item noting that the reports reflected the change plan for the execution of the CP in year – with some items going beyond the year. Generally the position was good – there were some issues with the Unified Patent Court as Parliamentary Council were still finishing off some work.

8.2 The NEDs questioned the status of the secure identity assurance work – and it was confirmed that the wording (not the arrow) was accurate. On shared services it was the finance area that was the most problematic. Mr Maclean noted that the work on embedding values was amber and as this was an area of interest for him he offered to help in any way possible.

Action:

- Secretariat to inform Louise Smyth/Alison Reed of Mr Maclean's offer of support.

8.3 The NEDs queried the status of those rated as green on the business as usual scorecard. It was clarified that the rag status related to the delivery confidence. With regard to IP Audits there was no doubt that the target would be met. The development objective was better than indicated and would be above the 72% shown (an imperfect monitoring mechanism had not allowed for an accurate update).

8.4 There was continued concern amongst NEDs on the average working days lost per person – and Mr Ecclestone highlighted that national average for working days lost was 4.4 in comparison to the IPO's target of 7 days. The IPO was broadly in line with other government departments. It was an area that was on ongoing challenge – there were three parts to it: short term absence, long term illness and stress. Stress was the area which was different to the private sector. It was agreed that the IPO would produce a note for the SB.

Action:

- Louise Smyth to produce a note on the IPO's average working days lost per person in comparison to other government departments

9. Risk Management

9.1 Mr Knighton introduced this item – the cover paper detailed changes to the Board Risk Register since the last iteration. In relation to the shared services risk Ms Smyth had taken on the role of Senior Responsible Owner (SRO). The Finance element was proving difficult and there was a need for a member of the IPO Executive Board to take on the SRO role.

9.2 The NEDs questioned whether there was a need to include anything on Scottish devolution in terms of policy implications. This was on the IPO's radar and had done some work on this – and it was agreed that there was no need to include it on the Worries List.

10. Commercialisation

10.1 Mr Knighton introduced this item, summarised the work done to date and highlighted the key points. At the Steering Board Awayday it was agreed to further consider commercialisation within the IPO. The IPO Executive Board had agreed the scope of the work: Pricing; New business development; Trading fund 'vires'; Reward and use of surplus funds.

10.2 The Steering Board was asked to consider a number of recommendations which included a pricing review, the development of a classification advice service to support unrepresented applicant of trademarks prior to filing, develop an on-line help service for customers on how to use Espacenet and investigate the desirability

10.3 The NEDs questioned how a new service (Centre of Excellence) might work for perhaps the top 5 customers. A completely different service could be offered at a premium price. It was acknowledged that this ought to be included in the fees review because it was important and difficult to establish the customer reaction. There was a requirement for the IPO to give the same treatment to nationals of other countries which links to policy implications. There was a need for the IPO to achieve policy goals as well as business goals. In terms of pricing costs recovery was important – but it was dependant on the objective which could be service delivery and not necessarily revenue raising.

10.4 Mr Gilbert said that this was a very complicated landscape and suggested something could be done in a small number of areas linked to the data on commercial know how. A key point linked to the need for a better understanding of customers to achieve the right policy goals – and open data was very much part of it.

10.5 The NEDs welcomed the paper which was good as it detailed in a relatively easy way the understanding of the complicated landscape. There was a need to understand the impact of the EPO income on costs recovery – the timing of which is a policy. With regard to renewal reminders the NEDs questioned why the IPO did not take on this renewal role. This was perhaps something the IPO could consider. It was acknowledged that commercialisation for the IPO meant customer insight and understanding what customers wanted.

10.6 Mr Gilbert said that at the outset the aim had been to look at what could be commercialised but it evolved into how customer insight could be improved. There was a

consensus that the pricing review would be done - there was a case for considering whether the balance of timing of recovery was right. In the wider sense more needed to be done on customer intelligence.

11. IT Roadmap Update

11.1 The IT Strategy and Roadmap update paper was well received by the SB – it provided a comprehensive update on progress. The Apprentice Scheme was a good way of bringing talent in at an early stage.

12. Information Papers

- **People Data Report**

12.1 The impact of the new Attendance Management policy would be seen in the following few months.

- **Hargreaves Programme Implementation Programme**

12.2 Mr Gilbert highlighted that this had been an excellent project for the IPO – which had been extremely well managed and delivered.

- **Customer Feedback Report**

12.3 The NEDs asked whether the IPO actively encouraged customers to provide feedback. The IPO had good channels for capturing feedback. The current formal complaints procedure had been through the Lean system and new system was due to be introduced - which like most organisations had an interim senior management stage with an escalation process.

- **Update on SB Awayday Actions**

12.4 Mr Gilbert noted thanks for the updates provided on the SB Awayday actions. As work was coming to an end of the Awayday strategic programme and the CP was near complete it was incumbent on the SB to look ahead at the next SB Awayday in October. A paper was scheduled for the next SB meeting detailing the timetable. Mr Alty said that work was being done on the IPO's business model and further work was planned on the Corporate Strategy – all of which would feed into the Awayday.

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