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**NOTE OF THE INTELLECTUAL PROPERTY OFFICE STEERING BOARD MEETING
HELD ON 21 MAY 2014 AT CONEPT HOUSE, NEWPORT & ABBEY ORCHARD
STREET, LONDON**

Attendees:

Non Executive Directors

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

BIS

Mark Holmes Deputy for Amanda Brooks

Intellectual Property Office

John Alty	Chief Executive
Sean Dennehey	Deputy Chief Executive
Tim Knighton	Chief Operating Officer
Rosa Wilkinson	Director, Innovation & Strategic Communications
Louise Smyth	Director, People, Places & Services
Ros Lynch	Director, Copyright & Enforcement
Neil Feinson	Directors, International Policy
Jonathan Rogers	Performance Manager
Liz Coleman	Head of Patents Policy Division
Glyn Hughes	Business Change Manager
Rich Corken	Head of Informatics
Miriam Bennett-Houlton	Head of Europe Team
Sally Jones	Secretariat (minutes)
Kathryn Ratcliffe	Head of Secretariat

Observers

Helen James
Georgina Page

Shadow

Julia Tully (Sean Dennehey)

Apologies

Amanda Brooks
Nora Nanayakkara

Action	Timing
Secretariat to circulate the report re: Mr Alty's visit to Brazil to NEDs	Immediate
Ms Ratcliffe to circulate the report of the previous review of the SB to NEDs and Mr Holmes	Immediate
Mr Austin to circulate the NHS Report re: engagement.	Immediate
Ms Smyth to prepare an update for July SB including the results of the latest pulse survey and summary on both corporate and directorate actions.	Immediate

1. Chair's Introduction

1.1 Mr Gilbert welcomed everyone to the meeting with particular reference to those observing and highlighted that Mr Goodridge and all Executive Directors would join for the strategy session in the afternoon.

2. Apologies

2.1 Apologies were noted from Ms Brooks and Ms Nanayakkara.

3. Approval of minutes of the previous meeting

3.1 The minutes of the meeting held on 11 March 2014 were approved without amendment.

4. Matters arising from the minutes

4.1 Mr Gilbert reviewed actions briefly, the majority of which had been completed.

5. Chief Executive's Report

5.1 Mr Alty highlighted key points from the report. The copyright exceptions were the most difficult and controversial aspect of Hargreaves. Three of the five copyright exceptions statutory Instruments had gone through successfully and would come into effect on 1 June. The Joint Committee on Statutory Instruments (JCSI) had received a number of letters from stakeholders on why not to approve the remaining two SIs. As the IPO was timed out for this session of parliament the remaining two would be re-laid at the beginning of June and would have to complete the process. The JCSI would generally only issue a report if they had negative comments – and reports had not been issued on the three that had gone through. This continued to be a challenging area of work to deliver. The delivery of the first tranche had been a success and Mr Alty congratulated Ms Heyes and the team.

5.2 With regard to shared services Mr Alty and Ms Smyth had met with the Mr Preece (Chief Executive of UK SBS), following the transition of HR services which had been problematic both in terms of service delivery and in trying to establish accurate information on costs. Customer service delivery by UK SBS continued to be unsatisfactory with people not receiving their pay. This continued to be an area which the IPO had to pay lots of attention to and a further meeting was scheduled with Mr Preece in July.

5.3 A management development programme called "The Key" would be launched in early June, with Ms Ratcliffe as Project Manager. This reflected the feedback from recent people surveys which highlighted the need to support and develop managers across the organisation.

5.4 Mr Alty updated the SB on his recent visit to Brazil with members of the IPO's International Team and agreed to circulate the draft report. There were competing drivers in Brazil – some were focussed on getting an integrated IP system working. The Head of the Office was very focussed on cutting backlogs. There was also a need to develop IP ability to exploit it effectively – the IP Attaché had a lot of work to do.

Action

- Secretariat to circulate the report re: Mr Alty's visit to Brazil to NEDs.

OFFICIAL

5.5 The IPO was receiving an increasing number of requests for funding. Currently the IPO was funding the City of London Police IP Crime Unit. Various people including Mr Weatherly had written to the Prime Minister on this subject with the view that the IPO should continue to fund the unit indefinitely. The IPO's view was that having started the unit, industry should subsequently pay a large part of the costs. This was an area that the IPO needed to watch closely. Some things could be done but there were things that were part of DCMS's remit. This was relevant to the later scheduled discussion on business models. There was a perception that the IPO was a "cash cow" for creative industries.

5.6 The NEDs made a number of comments. The forthcoming review of the effectiveness of the SB was noted and it was agreed that the report of the previous review would be circulated. Mr Maclean offered his support and involvement in the management development programme – there were three main areas – implementation, application of different behaviours and how changes would be monitored given the size of change. The apprenticeship scheme was also welcomed.

Action

- Ms Ratcliffe to circulate the report of the previous review of the SB to NEDs

5.7 With regard to the relaying of the two remaining copyright exceptions statutory instruments there was a question about whether this would provide a new opportunity for stakeholder comment or whether it was deferred business. On the whole it was deferred business but it would be seen as an opportunity to request changes to the explanatory memorandum. While there would be no new points to be made there could be new committee members.

5.8 The NEDs congratulated Mr Dennehey on his re-election as Chair of the EPO's Patent Law Committee. As detailed in the CEO's report there was concern amongst the staff at the EPO about the proposals for a new system for "social dialogue" – as they did not regard the system being set up as reasonable.

5.9 There were some queries on the Unified Patent Court. This was an international court being set up by a group of Member States with the UK leading on the IT solution for the establishment of the court. It was important that the case management system was separate from the housekeeping software needed for payroll, HR and pensions, which would not be delivered by the British Government unless it was the best solution. In terms of governance the Preparatory Committee (a committee of member states) were signed up, and at the point the court came into being it would cease, and a governance structure in statute would preside with committees in place responsible for the running of the court. In its first year it was estimated that there would be a few hundred cases – this was an important practical question to answer as it linked to the size of building needed. In time it would replace all litigation on European patents across the European Union. Initially staff numbers would be in the hundreds, comprising of technical and legal judges and support staff for each regional division.

5.10 The Executive Board Report was well received by the SB. The NEDs commented on the great success of the Cracking Ideas competition – another good example of engagement. Mr Dennehey explained the new vision for Patents entitled "Patents: where we are going and how are we going to get there?" The new diagram picture was a direct response to people wanting something more visionary about the way patents was going. An amendment was suggested to one area in the EBR.

5.11 Mr Gilbert thanked Mr Alty for the update and highlighted that the IP Enforcement Summit was going to be a good international event. The team had done an excellent job –

there were a large number of high calibre speakers. This fitted well with the IPO's work on the international agenda and Mr Gilbert's ambition for the IPO was starting to be achieved.

6. BIS Update

6.1 Mr Holmes provided the BIS update. An update on the Industrial Strategy had been published – updating on each of the eleven sectors as well as the five cross cutting schemes. The aim was to publish the Science and Innovation Strategy in the Autumn Statement. The strategy was about developing a vision for the science and innovation system in the UK to 2020, based on understanding evidence of the UK's strengths and weaknesses. Work was ongoing with stakeholders inviting comments on the shape of the strategy which was relevant to the IPO.

6.2 Mr Hauser had been asked to look at the future shape and scope of the Catapult network (Mr Hauser had done the initial review in 2010). The report due in the summer would feed into the Science and Innovation Strategy for the Autumn Statement. (Mr Gilbert was also engaged in this work in his role as Chair of Catapult).

6.3 Following the Star Chamber review of high growth business support in the UK – work was ongoing which was about targeted advice and expert focus. The IPO was closely involved in this.

6.4 A new type of entrepreneurial management bases called Fab Labs had been set up around the country. They were independent spaces for loan inventors to make use of shared facilities such as 3-D printers. BIS was currently working with NESTA and RSA to set up on line platforms. Miss Wilkinson referenced the previous SB Awayday and the presentation given by Mr Kappos. The USPTO had done something similar – sponsored advisor booths which were run on a membership basis.

6.5 The BIS Strategic Review had moved to the implementation and delivery and was called the "Future Shape of BIS". This was a challenging area of work which Mr Alty would be involved in.

6.6 With regard to the Design Council BIS was undertaking a low key internal review to establish more clearly the government's design policy objective. The Design Council relied on a core grant from BIS – a change that had been triggered by the previous review in 2010.

6.7 Mr Holmes noted that BIS was interested in the review of the effectiveness of the SB and requested a copy. Mr Gilbert said that the report of the previous review was not now that relevant as most if not all of its recommendations had been implemented since his appointment, and this would not have happened without the commitment of all steering board members. He was welcome to see a copy however.

Action

- Ms Ratcliffe to provide a copy of the report to Mr Holmes

6.8 Mr Gilbert thanked Mr Holmes for the update.

7. Finance Report

7.1 Mr Knighton updated the SB on the financial position for the financial year 2013/14. The accounts were subject to review by NAO during May with a planned laying date of 27 June.

OFFICIAL

The auditors had not highlighted any substantial issues to date and work continued. The cash position on the balance sheet reflected the cash that BIS had not called on.

7.2 Mr Austin (Chair IPO Audit Committee) was pleased that that the pension information had been received from UK SBS and noted that the AC had no concerns, (as expected the position was good). Mr Gilbert said that as the deficit position was a direct result of paying a dividend to BIS, which was a mandatory requirement of BIS, the year's results should be regarded positively as prior to the distribution the IPO made a good profit of nearly £1 million in conventional terms. He was anxious that the outcome should be portrayed internally as very positive as the financial position was good.

7.3 With regard to untaken leave a new international standard had been introduced in the previous year which meant it had to be showed as an accrual.

7.4 Mr Knighton highlighted the need to re-format the Annual Report to fit with the latest guidelines.

8. Performance Report

8.1 Mr Rogers introduced this item and summarised the performance report at the end of month 12. The target in relation to the number of IP audits delivered had been missed by 4 audits. The NEDs questioned whether targets were being set just on the edge of achievable. The IPO emphasised the need to set stretching targets that could be reasonably met, i.e., performance of the organisation at year end was better than if a lower target had been set.

8.2 There were two ministerial targets that had been reported as not fully delivered, although both had incentivised efficiency: Hargreaves and secure identification system for customers. The substance of what had been achieved needed to be audited.

8.3 The NEDs made a number of comments. There were concerns about the internal satisfaction survey. The performance against targets was relative to the amount of effort to reach it. That said there were some like the internal satisfaction survey where significant effort had been put in, but it had not been reached. It was suggested that the best time for discussing engagement was in January following the results of the People Survey. Mr Gilbert said that it would be beneficial for a paper to come to the next meeting to look at the engagement strategy and what lessons had been learned. (Mr Austin said that he would share a paper from the NHS Trust relating to a programme of work to engage staff). It was agreed that the paper would cover the results of the latest pulse survey and a summary on both corporate and directorate action plans.

Action

- Mr Austin to circulate the NHS Report re: engagement.
- Ms Smyth to prepare an update for July SB including the results of the latest pulse survey and summary on both corporate and directorate actions.

8.4 The work on the Copyright Hub was not progressing as quickly as expected – as it was more complicated than originally thought. The IPO was largely dependent on industry driving it forward. Ms Lynch was well placed to take the work forward and understand what impact it could deliver.

8.5 With regard to Freedom of Information requests within 20 days – the target was missed by 2%. This reflected that with some more complicated requests a holding reply could be issued – with a substantive response issued within a specific time period.

8.6 The recruitment target needed further consideration particularly the emphasis on one particular part of the process

8.7 Mr Gilbert thanked Mr Rogers for the update.

9. Risk Management

9.1 Mr Knighton introduced this item and summarised the changes to the Board Risk Register and Board Watch List since the last iteration.

9.2 The NEDs questioned the scoring on the Board Risk Register and Operating Committee Risk Register in relation to the shared services risk. Mr Knighton clarified that the matrix for scoring related to probability and impact and what was presented perhaps demonstrated a risk adverse approach at one level.

9.3 With regard to site car parking Ms Smyth was working on a solution to the current problem.

10. Informatics update: Productivity and Business Information

10.1 Ms Coleman, Mr Hughes and Mr Corken introduced this item. Over the previous few years the IPO had started to work on how to improve capability to use the information in the numerous databases available across the Office. The Informatics Team working with other directorates covered patents, trade marks and designs, which was a first for the new PDTMD. Three areas of work were being developed: Productivity index; management information and modelling impact of demand and resources on performance.

10.2 The key influencing factors on productivity were overtime (positive impact) and recruitment of staff – which had a short term negative impact over 2 – 5 years with varying degrees.

10.3 Management information was previously compiled manually from paper reports which was time consuming and prone to errors. The benefit of the work done by Informatics was the ability to combine data from multiple systems to provide new information of real value to team leaders, e.g., the identification of urgent cases. While a significant improvement, the process was limited by being excel based, and not ideal for forecasting on the basis of different scenarios. However the results were available on a web based dashboard which could be customised as required and show real-time data.

10.4 Working with colleagues in BIS (the unit responsible for modelling energy prices) a model was built that was more powerful and could deal with the dynamics of the patenting process. Expertise was currently being developed in house to learn how to refine it and ensure it is robust to new assumptions, once it has been tested using historical decision factors. This work will result in improved forecasting, personalised information for teams and managers and intelligent resource planning.

10.5 The update was well received by the SB and NEDs highlighted the potential for efficiency savings and wide use across the office. Miss Wilkinson highlighted the work done in creating a single version of the truth which helps to strip out avoidable contact in the Information Centre and improve efficiency.

10.6 Mr Gilbert thanked the team for the update noting that it was good to know people would have access and the ability to use the management information.

.IPO EU Engagement Strategy

11.1 Ms Bennett-Houlton introduced this item noting that 2014 was a year of fundamental change for two key EU institutions in EU legislation: the European Parliament (EP) and the European Commission (EC). The EP elections were taking place in May 2014 and the new Commission was expected to be appointed over the summer and autumn. Effective engagement with the new key players on IP would be crucial to advancing EU objectives. The Engagement Strategy aimed to ensure that IPO activity was strategically focussed with coordinated across the Office and aligned with cross Whitehall priorities and activity.

11.2 The paper was well received by the SB as it provided a lot of assurance. The NEDs questioned what the main risks were for the IPO. The need for cross directorate buy in from all policy leads was important to avoid the work in some areas “dropping off the radar. It was also important that the IPO was clear about what was needed going forward. With regard to resources - the recommendations as set out in the paper were fully resourced (the European Team had the capability to deliver the strategy with help from directorate leads).

11.3 There was a question around the balance between the EP and the EC and it was suggested that it was perhaps EC first and EP second. The IPO clarified that it was difficult to know how to order such a paper. The reason for putting the EP first was to bring out how important the EP would be going forward as a result of its increased powers. That said perhaps it had been slightly overplayed in the paper. It was noted that a lot of effort would be put into the EC. It was acknowledged that the most difficult area related to copyright and the IPO needed to be in a position to influence the EC.

11.4 Mr Gilbert thanked Ms Bennett-Houlton for an excellent paper – it provided a lot of assurance for the SB.

11. IT Strategy & Roadmap Update

12.1 Mr Knighton provided an update on progress of the IPO IT Strategy and Roadmap. The IPO was on the verge of going live for the Patents e-renewal service which was good news. The ministerial target for the identity assurance solution had been met by using a smart card solution and work was being planned to build on the service.

12.2 The NEDs welcomed the introduction of IT apprentices. With regard to Windows XP the NEDs questioned how reliant the IPO was on the system particularly as it was unsupported by Microsoft. Mr Knighton confirmed that the IPO was XP free on desk tops.

12.3 The new mainframe hosting contract with Fujitsu had been agreed by the Transformational Change Committee and the Executive Board. In the longer term the IPO would move off the mainframe providing Government Digital Service (GDS) provided the relevant approvals.

12.4 Mr Gilbert thanked Mr Knighton for the update.

12. SB Awayday

13.1 Mr Alty introduced this item and outlined the preparation work proposed for the SB Awayday in October, which would be facilitated by Mr Maclean. The work on the review of the IPO Corporate Strategy with Mr Mason (Senior Patent Examiner) leading on the work. There were two phases to the work: Phase 1 was a review of progress towards achieving the outcomes set out in the strategy, which was due to be completed by early June with a

OFFICIAL

report to the Executive Board. Phase 2 would look at the development of the outcomes the IPO considered important for 2020 and NEDs would be involved in this work. Another element was the review of the effectiveness of the SB review.

13.2 Mr Gilbert said the review of the SB was timely and good practice, although there were no burning issues, the SB was working well. He had discussed the Awayday with Lord Younger – who would be attending the whole event and it was clear that over the last four years the IPO had achieved a huge amount. Clearly a “where to next” theme would form part of the Awayday. Other themes identified could come back to the successive SB meetings.

13. Information Papers

14.1 Mr Gilbert noted his thanks for the information papers.

14.2 Mr Austin provided a brief summary of the previous AC meeting. Work had commenced on reviewing the Framework Document – a much simpler approach was being taken which would stand the test of time (less date specific). Work was progressing well on the annual accounts.

14.3 With regard to the People Data Report it was noted that it was a first with no surplus staff.

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

Date of next meeting: 16 July 2014