



Technology Strategy Board

Minutes of the 50th meeting

Held on 21st January 2015 at the BIS Conference Centre, London

Attendance

Board:

Phil Smith
 Mike Carr
 David Grant
 Hazel Moore
 Sara Murray
 Ian Shott
 Sir Christopher Snowden
 Bob Sorrell
 Harry Swan

Apologies:

Stewart Davies
 Doug Richard

BIS:

Amanda Brooks

Executive:

Kevin Baughan
 Anne Dixon
 Graham Hutchins
 Mark Glover
 Simon Edmonds
 Guy Rickett
 Nigel Townley
 Linda Wallace

For Nurse Review item:

Debbie Buckley Golder

Welcomes

1. The Chair welcomed the Board to its 50th meeting. He passed on apologies from Stewart Davies and Doug Richard. He explained that Doug Richard had stepped aside from Board membership. He welcomed David Grant as the interim CEO. He thanked him for stepping up into this role.
2. The Board also welcomed Harry Swan to his first Board meeting. He explained that the final approval process for filling the remaining Board vacancies was on-going. Harry Swan gave a brief summary of his business and institutional interests, drawing particular attention to his role in his family company Thomas Swan & Co Ltd, the Chemical Industries Association and the Chemistry Growth partnership.
3. The Chair reminded the Board of the main items of business: Finance, the Operations and IT programme proposal, the "Manifesto" document and Strategic Engagement programme, the Nurse review and the Portfolio Analysis and Decision Support Data paper.

4. He reminded members to declare any personal or professional interests that they may have in the business of the meeting and to withdraw should any of those constitute conflicts of interest. None were.

Minutes of the 49th meeting: TSB2014-06-11

5. The Board **approved** the minutes of the 49th meeting.
6. **Minute 34:** Linda Wallace reported that the team was now getting more value from data on performance and portfolio analysis; it was now also being used for targeted marketing. For the first time, the data had been cleaned and was being maintained through a quarterly checking process. One example of targeted marketing was for promoting competitions to relevant potential applicants.

Chief Executive's Report Paper: TSB2015-01-02

7. David Grant presented his report. He reported that in his short time in post, he had been pleased to work with what he saw as a strong team. The finance challenge was bringing out the best in people, working as a team on finding a solution. He felt that, whilst the organisation had faced finance challenges in the past, this time it was tackling the core issues about better quality information for planning, forecasting and performance measurement. The objective was to get back to budget.
8. He invited directors to talk through a number of key issues in the report:
 - a. **KTP system weakness** – Nigel Townley reported that, following the advice of Audit Committee, an external organisation specialising in penetration testing had been appointed to independently assess the incident, our response to it and the capabilities of our systems. Their report concluded that the breach had been caused by manual error but the incident management process had been thorough and effective. He said that as well as the mitigating actions and process changes already implemented, there would be some follow up actions but that there were no major concerns. Some work had been done to minimise the number of manual operations but there remained risks until a new system could be delivered to minimise or remove manual processes.
 - b. **SBRI:** Mark Glover reported that the team had been working to move SBRI up the government's agenda and that, while HMT had set targets that had been missed, this had changed departmental behaviour for the better. The Cabinet Secretary had taken a close interest and John Kingman was to chair a steering board to look at the barriers to SBRI uptake across Whitehall. Amanda Books reported that this would be a small Board, which would include Gareth Davies and Mark Glover, and would be supported by her team.
 - c. **Enterprise Europe Network:** Mark Glover reported that the EEN was now live and the subject of wide discussion, with LEPs and others, about how to build a continuum of networking between Innovate UK, EEN and KTN. The Board asked for a vision as to how it should all work in practice (**action**).
 - d. **Science and Innovation Strategy:** Amanda Brooks reported that stakeholder reaction to the Strategy had been mostly confined to issues within the research

base but quiet on innovation. This was a concern as there was a need for external stakeholders to make the case for innovation more clearly before the spending review.

- e. **Dowling and Nurse reviews:** David Grant reported that he would soon meet Anne Dowling and Paul Nurse together to discuss their respective reviews and was keen to see how well integrated they would be. He felt that the Nurse review was likely to have the bigger impact on Innovate UK interests. These reviews were covering areas already well scrutinised but would be an opportunity to advance Innovate UK interests, so Innovate UK planned to play a strong role in them. Both were due to be published after the election and before the Spending review. The Board discussed the challenges and incentives for universities and SMEs working together. The Board agreed that Anne Dowling should be engaged on these issues (**action**).
- f. **Catapults:** Simon Edmonds reported that Nick Winser of National Grid had been appointed to Chair the Energy Systems Catapult and would be appointing a Board and looking at incorporation of part of ETI (Smart Systems and Heat programme). The expectation was that the Catapult would be located in Birmingham if the ETI incorporation comes about. Simon Edmonds also reported that Richard Barker would soon be announced as Precision Medicine Catapult chair and would be considering its location straight away, recognising the political sensitivity in this decision. Simon Edmonds also notified the Board that agreement had been reached that Catapults were to be classified as private sector bodies. Discussions with Chairs about Board restructuring had gone well and they would be restructuring their Boards to reflect this.
- g. **Catapult committee:** Ian Shott reported on the recent discussions of the Catapult Committee. The main issues of concern had been: the complexity and variation of cost-reporting; the resignation of an OREC Board member; maturity and experience of OREC management team and Board; Treasury scepticism about evidence of Catapult delivery despite their relative immaturity. The Board discussed the need to look at more established parts of the Catapult programme and at leading and lagging indicators to find tangible evidence of success.
- h. The Board discussed the political pressure to create more Catapults quickly and the risks associated with that. It was noted that Innovate UK was developing a pipeline of ideas for new Catapults, recognising that not all ideas would necessarily lead to a viable Catapult.
- i. **Budget 2015 bid submission:** Kevin Baughan reported on the discussions and the Innovate UK priorities for the Budget.

9. The Board **noted** the report

Finance and Risk Paper: TSB2015-01-03

10. Bob Sorrell gave an overview of the current financial position. He explained that the worsening position on the projected overspend was the result of a large and unprecedented change in challenge-led grant forecasts. He went through the

remaining actions and concerns. Graham Hutchins presented the detail in the paper. The Board discussed the need to place stronger controls in the terms of the grants, recognising that this may cause concerns with ministers.

- a. David Grant reported that he was now seeking weekly reports in addition to monthly outturn reports and that all of the senior team was getting better data with our grant holders and rephrasing where possible.
 - b. Harry Swan declared an interest in that his firm was awaiting authority to start 3 grants.
 - c. The Board agreed that it should accept the risk of an over-correction causing an underspend.
 - d. Amanda Brooks commented that BIS was grateful that this is being taken seriously at Board level.
11. Kevin Baughan reported that the funding commitments moved into future years would need to be resolved and so he would move immediately to a funding budget for all of the Challenge competitions which would be set intelligently between 90-95% of the announced target funding.
 12. Graham Hutchins undertook to set out more detail on where the remedial actions had resulted in cuts and/or deferrals (**action**).
 13. Sara Murray commented that it would be good to have some ready to go projects if there is a risk of underspend.
 14. David Grant undertook to call special meeting if it looked like the planned actions would not deliver spend within the budget (**action**).
 15. The Board discussed the top items on the Risk Register
 16. Robert Sorrell remarked that the Management team had done a lot of good work to get spend within budget and undertook to share the monthly one-page finance briefs (**action**).

Operations & IT: Grants of the Future: Paper: TSB2015-01-04

17. Nigel Townley presented the paper, which outlined a proposed approach for the delivery of a "Grants of the Future" system that would reduce the risks exposed in the legacy systems. He thanked Ian Shott and Hazel Moore for their advice in advance of the meeting. He explained the goals and challenges and described the opportunity to improve our customers' experience and set out an estimate of the budget. He reported a lot of interest from Cabinet Office, which saw that with some 20% of government spend on grants, there was a lot of potential for efficiency gains via cross-government shared best practice and capabilities. He went through applicant benefits, high-level architectural approach, the planned transition process, delivery approaches and costs and timing options. He explained that users, staff and critical friends would all be used to review the outputs and be part of the gate sign-off process. He stated that he felt the proposed budget was realistic and affordable within the core budgets over a 3-4 year term. He also commented that it was necessary to get this signed off by government before election restrictions prevent decision-making.

18. Anne Dixon commented that there was a limit to how fast it would be possible to proceed as there was some planning and detail needed first, however, many of the financial control issues and policies were not system dependent.
19. In discussion the following comments were made:
 - a. It seemed like a small amount of money for what was promised. There was a need for a contingency beyond this.
 - b. This seemed like a large amount for a development but it was hard to tell without more information.
 - c. Why not seek an innovative UK SME open-source CRM option? While that was an option that had been used with poor results in the past, procurement of this element would be a standard open process.
 - d. The customers would welcome this development.
 - e. This development should help with budget forecasting accuracy. However, such capability was too urgent to wait for this project to finish.
 - f. The organisation is not scalable with the existing processes so our current growth plans and ambitions cannot be delivered.
 - g. This was massively important, as some customers do not engage because of poor processes. Delivering a better user experience will put customers at heart of what we do. Many SMEs don't like to lead projects because of the admin issues. If this makes that easier then leading projects in SMEs would be easier.
 - h. Nigel Townley agreed to provide a progress update at each meeting (**action**).
20. The Board **agreed** that it was supportive of this approach and agreed to move as fast as possible.

Manifesto Paper: TSB2015-01-05

21. Linda Wallace introduced the paper explaining that this was the foundation of a more assertive approach to projecting Innovate UK's role in the innovation landscape. She sought Board input to the messages, "Manifesto" document and the engagement programme. She also sought Board member participation and introductions to key stakeholders. She described the key messages, explaining that these would soon be enhanced with evidence and proof points on success and economic impact. She explained that the "Manifesto" would be given a different, more engaging title and launched before election communications restrictions. She reminded the Board that the engagement plan only included pre-elections programme but that a post-election plan would be developed that would become business as usual. This approach had received good feedback from BIS. The Board noted that there was a need to get approvals from BIS for Stakeholder engagement that involved talking to politicians. In discussion the following points were made:
 - a. The principles in the messages were fine but the proof points needed urgent definition. Linda Wallace reported that the Media Team had been looking at key messages and thinking about the data requirements.

- b. The Manifesto needed strengthening with imaginative language to gain attention and to be tonally adjusted so that Innovate UK is presented as taking the lead, not seeking permission. The readers will not be interested in the processes; the document should set out the changes and their impacts first then say how. It should also describe past achievements.
 - c. The messages and proof points need to include job creation and Walport review numbers. The statistics used in Iain Gray's FT interview would help here.
22. The Board **endorsed** the approach and agreed to be used for engagements.

Nurse Review Paper: TSB2015-01-06

23. The Chair Welcomed Debbie Buckley-Golder to the meeting
24. Debbie Buckley-Golder presented the paper and explained that the Review, to be led by Sir Paul Nurse had been instigated by Sir Mark Walport. The questions posed were similar to those in the triennial reviews of the research councils. Work had begun and a report will be delivered and reported to Treasury and BIS after the Election. It had come out in the Science & Innovation Strategy and would look at how the Research Councils can evolve to support research in the most effective ways, reflecting the requirements to secure excellence, promote collaboration and allow agility, and in ways that best contribute to sustainable growth. It had explicitly been asked to consider how the Research Councils integrate with the departments and Innovate UK. She described the Innovate UK objectives, concerns and opportunities in this review. She was expecting an imminent announcement of the steering group and a stakeholder group.
25. In discussion the following points were made:
- a. Innovate UK should approach research councils to discuss further operational overlap opportunities through shared services.
 - b. Research councils have user groups and it would be useful for Innovate UK to see what they think about this.
 - c. Board members would like messaging support for this review (**action**).
 - d. It was important to look at how well RCs commercialise technology.
 - e. Innovate UK needs to be sure that it is well dovetailed with whatever comes out of the review.
26. The Board **agreed** to support the executive in engaging with the review

Portfolio Analysis and Decision Support Data Paper: TSB2015-01-07

27. The Chair reminded the Board that at the last meeting, Kevin Baughan had undertaken to come back at this meeting and set out some of his plans to inform strategic prioritisation of the challenge programme with decision support data. At the same time, Mark Glover's team had been looking at ways to understand and describe the balance of the programmes in the Innovate UK portfolio (in discussion with the metrics and Measures Working Group). Mark Glover presented the paper. Sharing how 3 types of data (impact data, programme data and portfolio mix data)

- would be looked at to inform investment decision-making. He expected to discuss this in more detail with the Metrics and Measures Working Group.
28. Amanda Brooks reported that BIS was using Walport methodology to look at other interventions for growth, for example R&D tax credits. Dan Hodges was involved with this.
 29. Kevin Baughan reported that he was looking to work with business schools and other organisations to help understand portfolio management, recognising the need for rigour and long-term academic quality thinking.
 30. Sara Murray reminded the Board that she had been seeking such an approach for many years and commented that it was good news that Innovate UK was finally collecting company growth data. She sought reassurance that regular grant recipients' feed back on their staff numbers, turnover and investment would be a built into the new system design. Anne Dixon reported that it would be. Kevin Baughan commented that he already had some data along these lines but that it was not yet of a quality that could be published [SECRETARY'S NOTE: After the meeting Kevin Baughan took Sara Murray through the detailed data and explained its value and limitations].

Closed session:

31. In closed discussion the Board discussed;
 - a. The delay on CEO appointment announcement.
 - b. Senior team coherence
 - c. The need for a top team and management development programme that the new CEO can lead **(action)**
 - d. Executive attendance at Board meetings.

Summary of decisions and actions:

No	Action	Responsibility	Target date
1	Minute 8c: Provide a vision of how the EEN would operate in the context of the LEPs, the KTN and other networks and services.	Mark Glover	March 2015
2	Minute 8e: Invite Anne Dowling to a discussion on her review.	Mark Glover	March 2015
3	Minute 16: circulate the monthly one-page finance sheets to the Board	Graham Hutchins	Monthly
4	Minute 19g: provide update on the Grants of the Future programme	Nigel Townley	May 2015
5	Minute 35e: Provide Board with messaging support for the Nurse review	Mark Glover Linda Wallace	February 2015
6	Minute 30c: start development of a top team and management development programme in time for new CEO to commence on arrival.	David Grant Anne Shaw	May 2015