

Innovate UK

Minutes of the Governing Board's Meeting held on 17th June 2016 at BIS Conference Centre, Victoria St, London.

Present:

Members of the Governing Board

Mr Phil Smith, Chairman of the Board
Mr Harry Swan

Ms Hazel Moore

Ms Tera Allas
Mr Mike Carr
Dr Robert Sorrell

Mr Ian Shott
Mr Tim Edwards
Dr Ruth McKernan, Chief Executive

Observer

Mr Keith Hodgkinson (BIS)

Executive

Mr Kevin Baughan, Chief Development Officer
Mr Simon Edmonds, Director Manufacturing and Materials

Mr Paul Mason, Director Emerging and Enabling Technologies

Mr Ian Meikle, Director Infrastructure Systems
Ms Lynne Patmore, Interim Chief Financial Officer
Mr Nigel Townley, Director of IT and Business Change

Ms Linda Wallace, Chief Communications Officer
Mr Andrew Tyrer, Head of Enabling Technologies
Mr Toby Proctor, Lead Technologist Centres/Capability

Mr Richard Murray, Lead Technologist Quantum Technologies

Ms Clare Lindsay, Senior Aide to the Chief Executive (secretariat)

Apologies:

Dr John Latham

Ms Amanda Brooks (BIS)

Ms Anne Dixon, Chief Operating Officer (Innovate UK)

Mr Patrick Jarvis, Head of Governance and Secretary to Governing Board (Innovate UK)

Innovation Funding Service Video

- 1 Mr Townley showed the Board a five minute video on the recently launched digital Innovation Funding Service and the team that has delivered it through to private beta stage.

Announcements

- 2 Mr Smith welcomed members to the meeting. Mr Smith noted that this was the last meeting for three Governing Board members – Dr Sorrell, Mr Shott and Mr Carr. The Board formally acknowledged the great contribution these members had made during their tenure, and Mr Smith and Dr McKernan thanked them. The Board noted the impact of the loss of these members on the overall membership. The total number of remaining members was scarcely more than the quorum.
- 3 Mr Smith asked for any declarations of interests from members. No declarations were made. Mr Smith noted that apologies had been received from Dr John Latham, Ms Amanda Brooks, Ms Anne Dixon and Mr Patrick Jarvis.
- 4 The Board noted that Sir David Grant, former interim Chief Executive and former Board member, had been knighted in the recent Birthday Honours.

Minutes of Previous Meeting

- 5 Mr Smith asked for any comments on the draft minutes of the previous Governing Board meeting held on 30 and 31 March 2016. One small typographical error was noted and the minutes were approved.

Chief Executive's Report

- 6 Dr McKernan introduced her update report to the Governing Board focusing on the Voluntary Exit scheme. Dr McKernan reported that the initial expectation was that the scheme would be supported by the BIS 2020 programme. However this was no longer certain but Innovate UK still intended to proceed. The scheme was affordable within current budgets and enabled the organisation to change its skill set in a cost-neutral way. It was confirmed that normal Civil Service terms and conditions were being used. It was agreed that further information on the gender split in the scheme would be provided.
- 7 The Board discussed the recent Women in Innovation campaign. Ms Wallace confirmed the high level of social media attention this had generated and Dr McKernan confirmed some really good feedback had been received.
- 8 The Board noted that this was the first time that the report had included an update from each sector and confirmed this was helpful.
- 9 Dr McKernan confirmed that the Innovation with Impact publication had been sent to all MPs and to other stakeholders, and had received a lot of positive feedback. A copy has been provided to John Kingman.
- 10 The Board discussed Portfolio Development and the need to link with individual sector councils such as the Chemistry Growth Partnership. It was agreed that Sector Directors should build good links with such sector councils and that regional leads should do the same with local bodies.

- 11 Ms Wallace explained the Secretary of State's proposal to hold a Davos-style meeting in December on the subject of the fourth industrial revolution. Innovate UK has pitched the idea of gathering a group of visionaries on the stage, supplemented by a showcase of business innovation. It was agreed that Board members would provide suggestions about proposed participants.
- 12 Mr Baughan asked Board members about any interest in attending a government visit to Shanghai on 24/25 September. It was agreed that Mr Baughan would follow this up with available members.

Finance Update

- 13 Ms Patmore presented the financial update focusing on the delivery of the 2015/16 outturn to within 1% of budget. Mr Smith acknowledged the hard work done by the Innovate UK team and the finance team in achieving this. Ms Patmore confirmed the annual report and accounts were nearly complete. The Board confirmed the benefit of the inclusion of the allocation letter in the update report.
- 14 The Board discussed the need for a comprehensive finance system that covered grants, forecasting and scenario planning. The Board noted the BIS proposal to integrate the Research Council and Innovate UK teams working on systems. Ms Patmore confirmed the focus now is on stabilisation of data, and recruitment of resource to enable this. Dr McKernan noted the quality of data is much better than a year ago. The Board acknowledged this.
- 15 Mr Baughan explained that a pipeline of prioritised additional activities was being developed to make most effective use of the annual budget. Mr Hodgkinson asked about future year forecasts. Mr Baughan confirmed these were tightly profiled.
- 16 The Board discussed New Innovation Finance Products noting the need to understand the gap between the new skill sets needed and those currently available and to identify the risks associated with this type of activity. Mr Hodgkinson confirmed that the likely model is to resource this in-house within Innovate UK and that BIS recognised the additional cost of this.

Audit and Risk Assurance Committee Update

- 17 Dr Sorrell provided a verbal update from the Audit and Risk Assurance Committee. The Annual Report and Accounts had been approved subject to some small final amendments. The Committee were happy with the performance so far of the new internal auditors. Mr Smith and Dr McKernan thanked Dr Sorrell for his work as Chair of the Committee, and Mr Smith confirmed that Dr Latham has agreed to take on this position.

Remuneration Committee Update

- 18 Mr Smith provided a verbal update on the Remuneration Committee. Assessments for organisational performance and that of individual directors and the Chief Executive had been reviewed and approved. The outcomes will be reported to the Senior Remuneration Oversight Committee of BIS. The Board noted that future organisational goals had been discussed in its recent private meeting and some further redrafting had been agreed.

Sector Presentation – Emerging and Enabling Technologies

- 19 Mr Mason was joined by Mr Tyrer, Head of Enabling Technologies, Mr Proctor, Lead Technologist Centres/Capability, and Mr Murray Lead Technologist Quantum Technologies to provide an update on the Emerging and Enabling Technologies Sector. The Board discussed whether the new sector strategy built on previous investment. Mr Mason confirmed that the new strategy combined a number of existing successful strands and pointed to the success of Innovate UK's work in graphene. Mr Tyrer presented on robotics and autonomous systems, and the meeting discussed the issues of soft solids handling e.g. in the food sector. Dr Sorrell noted the need for cultural acceptance of autonomous machines. Mr Swan noted the possibilities that could occur by making materials by design for example through the application of quantum technologies. Ms Moore commented on venture capitalist interest in this area.
- 20 It was agreed that Mr Mason would provide further examples of success stories in his sector to the Board.

Catapult Update

- 21 Mr Smith confirmed that Mr Edwards had accepted the role of Chair of the Catapult's sub-Committee. Mr Edwards provided a verbal update to the meeting covering the progress and activities of the Catapults. The Board noted the current small membership of the Committee and Mr Smith asked Governing Board members to indicate if they were interested in joining the Committee.
- 22 Mr Edwards reported on current budgetary issues affecting the Catapults and the need for greater alignment between the aims of some Catapults and Innovate UK. There was some discussion about the principle of core-funding and the time needed for Catapults to achieve the desired level of core funding. It was agreed that Directors would discuss these issues further with Catapults in their sectors.
- 23 Mr Baughan presented a paper on the future of Catapults, explaining the importance of getting Governing Board input since Innovate UK was about to enter into the process of renewing the five year funding agreements. The Board considered whether the current funding model was still viable given reduced budget for both core and collaborative funding. Mr Baughan discussed the importance of Catapults collaborating and avoiding the risk of becoming too commercial and competing against other research organisations. Mr Swan stressed the need to understand how Catapults were performing overall. Mr Hodgkinson commented that the process for funding renewals would need to be approved by Ministers and stressed the need to engage with them to support this happening.

UKRI Planning

- 24 Mr Baughan presented a paper on UKRI planning and noted that things were moving quickly with a second parliamentary reading scheduled ahead of the summer recess. Mr Smith confirmed this had been discussed in the closed session of the meeting and the Board were supportive of Innovate UK taking a leadership role. Dr McKernan noted that BIS are keen to

understand from Innovate UK the benefits derived from Innovate UK being part of UKRI. There was a discussion around increased investment in R&D and Mr Baughan confirmed thinking related to leveraging both public and private sector money.

Connect and Regional Presence

- 25 This item was not discussed at the Board meeting due to time constraints. Mr Baughan confirmed that no direct input was required from the Board at this time.

Any Other Business

- 26 The draft scorecard was briefly discussed with positive feedback from the Board. Mr Smith noted that it demonstrated interesting thinking. Dr McKernan confirmed that the scorecard, once finalised, would be shown on screens at regional offices and shared with external stakeholders.
- 27 Mr Smith noted that the next meeting of the Governing Board would be held on **14 July 2016** in London to cover the business plan for the Precision Medicine Catapult, and would also take the paper on Connect and Regional Presence.

(It was subsequently agreed that this meeting was no longer needed. The next meeting would therefore be on 12/13 October)